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REPORT TO THE UNITED NATIONS BOARD OF AUDITORS AND THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS REGARDING GENERAL ASSEMBLY RESOLUTION 47/211

SUMMARY

In compliance with General Assembly resolution 47/211 of 21 December 1992, the present document includes a report on the steps taken by UNICEF on the five recommendations of the Board of Auditors which have been noted by the General Assembly. It also presents an action-oriented report on the steps taken or to be taken in response to the recommendations of the Board of Auditors on the UNICEF accounts for the biennium 1990-1991. Further, it describes the measures taken by UNICEF to strengthen the independence and effectiveness of the internal audit function.

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INTRODUCTION

1. In resolution 47/211, the General Assembly requested the Secretary-General and executive heads of United Nations organizations and programmes to submit to the General Assembly at its forty-eighth session, a report on the steps taken (a) to strengthen budgetary control; (b) to make purchasing policies more cost-effective and transparent by reducing exceptions to competitive bidding and recording reasons for exceptions in writing; (c) to give priority attention to compliance with the recommendations of the Board of Auditors on the hiring, granting of remuneration and performance evaluation of experts, consultants and personnel engaged on a short-term basis; (d) to install a more effective system of managing the granting of allowances and benefits to staff members; and (e) to tighten control over non-expendable property.

2. The resolution also called on the Secretary-General and executive heads of United Nations organizations and programmes to submit an action-oriented report outlining steps to be taken in response to the recommendations of the Board of Auditors, including timetables for their implementation.

3. The resolution further requested the Secretary-General and executive heads of United Nations organizations and programmes to report on the urgent steps taken to strengthen the independence and effectiveness of the internal audit function and ensure an adequate response to internal audit findings.

4. In compliance with resolution 47/211, the present report will review each request in the light of UNICEF experience.

5. The present document is submitted to the United Nations Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for their evaluation.

I. REPORT ON STEPS TAKEN ON THE FIVE RECOMMENDATIONS OF THE BOARD OF AUDITORS

6. The five recommendations mentioned in paragraph 1 above are based on the major findings of the Board of Auditors in the audit of all United Nations organizations and programmes. The audit of the UNICEF accounts for the biennium 1990-1991 included only two of the five recommendations.

7. This section describes the steps taken on the recommendations that were specifically included in the Board of Auditors' report on the UNICEF accounts. It also describes the organization's present policies and procedures for the three areas not included in the audit report on the UNICEF accounts.

Recommendation No. 1

8. To strengthen budgetary control to avoid overexpenditures of approved budgets or allotments.

Measures taken by UNICEF

9. The administration continues to give priority attention to the issue of over expenditure in its programme and administrative budgets. To this end, the following steps have been taken to address the problem:

(a) The secretariat regularly reviews and monitors the budgetary allotments of all offices, the results of which are provided to the field offices on a regular basis;

(b) In addition, a special report on overexpenditures in the programme budgets is now being generated and sent to the field offices on a monthly basis to facilitate (i) the review of transactions which caused the overexpenditures; (ii) the reconciliation of field office records with the headquarters' report; and (iii) the immediate preparation of the necessary adjustments to the accounts;

(c) Field offices are also regularly reminded, during regional workshops, training sessions and by means of written communication, of the critical importance of monitoring and reconciling their budgetary accounts.

10. An automatic "lock-up" facility was included in the version 1.5 of the Global Field Support System (GFSS) released to field offices in December 1992. This latest version of GFSS provides the facility of checking funds availability at various levels; namely, at the budget allotment levels, at the obligating level and at the payment level. The system will inhibit any financial activity that would be in excess of the authorized funds at these levels. In 1993, the administration will evaluate the effectiveness of the controls that have been put in place.

11. Further, in line with the review of financial accountability in the organization which will be completed in 1993, clarifications will be made on the delegation of financial authority and the assumption of the corresponding accountability for such delegated authority.

Recommendation No. 2

12. To make purchasing policy on the acquisition of goods and services more cost-effective and transparent, inter alia, by reducing the number of exceptions to competitive bidding and ensuring that the reasons for such exceptions are recorded in writing.

Measures taken by UNICEF

13. The report on the audit of the 1990-1991 accounts did not include any findings in this area.

14. The administration has prescribed policies and procedures on bidding and the circumstances under which competitive tenders may be waived. These are listed below:

(a) The prices or rates are fixed pursuant to national legislation or by regulatory bodies;

(b) Standardization of supplies, equipment or spare parts is, on the advice of the Contract Review Committee (CRC), considered appropriate;

(c) Emergency situations or exigencies of the service do not permit the delay attendant upon the issuance of invitations to bid or requests for proposals, or the reissue thereof in cases where such solicitation has failed to achieve satisfactory results;

(d) The proposed contract relates to purchasing from a sole source of supply or to the purchasing of perishable supplies;

(e) Invitations for bids or requests for proposals will not give satisfactory results or are not, in the particular case, deemed in the interest of UNICEF.

15. The policies further require that the advice of CRC be obtained for procurement transactions involving amounts beyond designated ceilings. The submissions to CRC specifically provide that if there was no competitive bidding, the reason(s) for this should be stated.

Recommendation No. 3

16. To give priority attention to compliance with the recommendation of the Board of Auditors on the hiring, granting of remuneration and performance evaluation of experts, consultants and personnel engaged on a short-term basis.

Measures taken by UNICEF

17. The report on the audit of the 1990-1991 accounts did not include any findings in this area.

18. The administration wishes to point out that the policies and procedures on the use of special service agreements for consultants were quite recently updated under an administrative instruction dated 23 December 1991. This document spells out the policies and procedures on, among others, the hiring, determination of fees and preparation of performance evaluation reports upon completion of assignments. The administrative instruction clearly places the responsibility on the head of each office to ensure that final payments against contracts are not made until an evaluation, stating that the entire assignment has been satisfactorily completed, is submitted.

Recommendation No. 4

19. To install a more effective system of managing and controlling the granting of allowances and benefits to staff members.

Measures taken by UNICEF

20. The Board of Auditors' report of the 1990-1991 accounts did not include any findings in this area.

21. The organization's prescribed procedures require the review of a staff member's circumstances and status in relation to the criteria for the granting

of benefits and allowances prior to the issuance of the personnel document (Form P5) authorizing the benefit or allowance.

Recommendation No. 5

22. To tighten control over the inventory of non-expendable property in all locations, including peace-keeping operations.

Measures taken by UNICEF

23. In 1992, the administration issued instructions prescribing procedures for the accounting, the maintenance of records and the conduct of annual inventory for non-expendable property. Compliance with these instructions will be monitored in 1993 and appropriate action taken as necessary.

II. PROGRESS REPORT REGARDING SPECIFIC MEASURES TAKEN TO IMPLEMENT PREVIOUS RECOMMENDATIONS OF THE BOARD OF AUDITORS

24. This section restates a number of recommendations of the Board of Auditors deriving from the audits of the UNICEF biennial accounts for the period 1990-1991 1/ and, following each recommendation, describes the specific measures taken by UNICEF to date to implement those recommendations. The relevant recommendations of ACABQ have also been taken into consideration in adopting these measures. The recommendations included in the report on the audit of the 1990-1991 accounts that relate to the five items mentioned in paragraph 1 above are included in chapter I above and not in this chapter.

Recommendation No. 1

25. To make the procurement services self-sustaining, the following measures should be taken:

(a) Staff costs charged to the procurement services account should be reviewed and appropriate reductions made. In the future, the number of posts should be commensurate with the volume of projected procurement services;

(b) Expenditure monitoring should be strengthened to keep operating costs down;

(c) The present rate of handling charges should be reviewed to reflect operating costs.

Measures taken by UNICEF

26. The administration has taken the following steps to ensure that procurement services activities are self-sustaining and to strengthen the monitoring of expenditures:

(a) The number of staff charged to procurement services income included in the administrative budget for the biennium 1994-1995 will be reduced to ensure that staff and associated costs do not exceed the projected income. This budget submission will be subject to the approval of the Executive Board;

(b) In 1993, the monitoring of income and expenditure will be managed entirely by one office. This will provide a better measure of control than the previous practice where the monitoring responsibility was split between two offices;

(c) As a result of the review of the reasonableness of the handling charges, the rates were increased from 4 to 6 per cent for warehouse and vaccine orders and from 6 to 8 per cent for non-warehouse items from 1 July 1992.

27. Additionally, steps have been taken to ensure that in 1993 and onwards, transactions related to procurement services passing through the UNICEF warehouse at Copenhagen are reflected appropriately in the procurement services account.

Recommendation No. 2

28. With regard to cash advances to Governments:

(a) UNICEF should rededicate itself to ensuring full compliance by its field offices with the requirement on the release of new advances (now referred to as "cash assistance") only upon the liquidation of prior ones;

(b) Field offices should provide yearly estimates of cash assistance required for disbursement to Governments in the course of the year;

(c) A separate input code should be introduced to record cash assistance paid out to enable a global figure to be obtained for purposes of control and follow-up.

Measures taken by UNICEF

29. In a memo dated 22 October 1992, the administration reiterated to the field offices the need to comply with the provisions cited by the external auditors. The memo firmly stressed that no new cash assistance should be given unless utilization reports on previous assistance have been submitted by the government ministries.

30. In 1993, the administration will look into the feasibility and practicality of providing more accurate yearly estimates of cash assistance that may be given to government ministries during the year.

31. An accounting instruction redefining the accounting procedures, entries and a separate input code for cash assistance to Governments has been drafted. This will be further reviewed by the secretariat and field offices before its finalization and targeted implementation by 30 June 1993.

Recommendation No. 3

32. The payments of salary allowances and other cash incentives to government employees involved in the implementation of UNICEF-assisted programmes should be discontinued, pending the development of an appropriate policy for consistent application worldwide.

Measures taken by UNICEF

33. The Joint Consultative Group on Policy (JCGP) has created a working group, of which UNICEF is a member. The group will recommend to JCGP a common policy concerning the employment of government staff and direct supplementary payments to government staff. The working group's study will also aim for a common approach to ensure full involvement of the Government in any arrangement that would strengthen government civil service, in some cases through the provision of extrabudgetary resources from donors. Further, the study is expected to lead to the coherent JCGP initiative for broad donor cooperation on this issue at the field level and to a joint donor/Government implementation strategy for the involvement of national personnel and strengthening of the civil service.

34. The administration will follow the policy that will be stipulated by JCGP.

Recommendation No. 4

35. Project planning should adequately articulate implementation requirements to enhance programme delivery. In addition, circumspection is advised in the reallocation of funds from slow-moving projects to fast-moving ones so that the policy does not result in the unconscious neglect of projects located in "difficult" areas that have perennial implementation problems.

Measures taken by UNICEF

36. Whenever movement of funds from slow-moving to fast-moving projects is undertaken, it is with the purpose of maximizing utilization of available resources. Every effort will be made to avoid the neglect of projects located in "difficult" areas that have perennial implementation problems.

37. In 1992, the administration continued to strengthen the monitoring of implementation of country programmes and to provide the field offices with the necessary support to improve programme implementation. The administration, likewise in 1992, continually analysed the causes of low programme implementation to properly address the issue. Efforts in this area will continue to be made throughout 1993.

Recommendation No. 5

38. Decisions taken in emergency situations should be reviewed regularly to establish their continuing validity to ensure that services are provided with due regard to economy.

Measures taken by UNICEF

39. The offices concerned have been advised to exercise caution in making decisions on transactions involving local procurement and contracts. It was emphasized that such decision should take into consideration both the crucial importance of a timely response to emergencies and the need to look into the economy, efficiency and effectiveness of alternative courses of action in order to maximize utilization of resources. In addition, UNICEF has strengthened the coordinating mechanism of emergency operations to more efficiently and promptly provide services to emergency cases.

Recommendation No. 6

40. UNICEF should reassess the adequacy and appropriateness of its present liquidity policy given the recurring significant excesses over the established requirement.

Measures taken by UNICEF

41. Excess liquidity was not the result of the liquidity policy itself, but the result of income exceeding projections and programme expenditure not meeting projections.

42. The administration has been reviewing the organization's liquidity policy and a proposal for its revision has been prepared for discussion. The Financial Advisory Committee will continue its review process in 1993 to determine the most appropriate liquidity policy suited to the organization.

Recommendation No. 7

43. In keeping with current United Nations practice, the value of non-expendable property, of which the ownership remains with UNICEF, should be disclosed as a note to the financial statements.

Measures taken by UNICEF

44. To ensure a common understanding of the new definition of non-expendable property under ST/AI/374, an accounting instruction was issued to all UNICEF offices worldwide for implementation in 1992. In 1993, the administration will monitor and evaluate the extent of compliance with the instructions and will take action as may be required. The value of non-expendable property submitted by the UNICEF offices will be disclosed in the notes to the financial statements for the year ended 31 December 1992.

Recommendation No. 8

45. In the Greeting Card and related operations, the effects of unfavourable exchange rate fluctuations should be minimized by resolving the timing difference in the recognition of sales of balance sheet date (30 April) and the dates actual payments are made by sales partners (after 31 August).

Measures taken by UNICEF

46. The existing agreements with the National Committees, in most cases, provide for a transfer date of 31 August following the end of the campaign year. The administration is in the process of finalizing the new Agreement of Cooperation to be co-signed by UNICEF and the National Committees which proposes an earlier date for the transfer of sales proceeds to UNICEF.

Recommendation No. 9

47. During fund-raising activities, prospective donors should be encouraged to provide sufficient information on their contributions in order to facilitate their accounting, acknowledgement and effective utilization. In this

connection, a standard advice form indicating the relevant information may be completed by donors.

48. Unless otherwise specified by donors, all multi-year contributions received should be recognized as income to the supplementary fund in accordance with the donor's intent as specified in the disbursement schedules.

Measures taken by UNICEF

49. The administration agreed with the recommendations and has implemented the following with regard to the proper application of income recognition policy:

(a) The pledge form for the annual general resources Pledging Conference was reformatted in order to obtain information on a disbursement schedule, the currency of payment and status of parliamentary approval;

(b) Interdivisional discussions had been held regarding the disbursement schedules that will be requested from the donors for all supplementary fund agreements. The donors' responses to these requests will be monitored in 1993;

(c) Income recognition policies are being reviewed and Financial Circular No. 31 is being redrafted to more clearly present the policies and ensure their correct implementation. It is expected that the revised circular will be issued in 1993.

Recommendation No. 10

50. Necessary assistance should be provided to facilitate the completion of the clean-up of the staff personal accounts.

Measures taken by UNICEF

51. The administration has provided additional short-term staff to assist in the ongoing clean-up of the staff personal accounts. Reports on the progress of the activity are periodically provided to management for review and assessment. The 30 October 1992 status report showed a 50 per cent completion rate on the project. It is estimated that the clean-up activity will be finished shortly.

III. REPORT ON THE STEPS TAKEN TO STRENGTHEN THE INTERNAL AUDIT FUNCTION

52. The Board of Auditors recommended that, in addition to the filling of existing vacancies in the Office of Internal Audit, a timely and effective action should be taken to redress the recurring internal control weaknesses reported by the internal auditors.

53. All audit posts have been filled and, as a result, the audit coverage is higher than in previous years. This is expected to improve even further as the three new auditors gain more exposure to UNICEF operations and as one senior auditor, who has been temporarily seconded to another division, assumes the full responsibilities of his post.

54. To clarify the role of the Office of Internal Audit, an executive directive on the subject "Statement of authority and responsibility of the Office of Internal Audit" was issued on 18 August 1992. Additionally, another executive directive on the subject "Follow-up on audit recommendations" was issued on 21 November 1991 to emphasize and strongly reiterate the administration's position regarding action to be taken by the offices concerned on the internal audit recommendations.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 5B (A/47/5/Add.2).

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FOR INFORMATION

GREETING CARD AND RELATED OPERATIONS

Provisional report for the period 1 May 1992-30 April 1993

SUMMARY

The present document presents the provisional results of the UNICEF Greeting Card and related operations (GCO) for the period ending 30 April 1993.

Figures I and II compare the 1992 projected sales volume and gross proceeds by sales region with the 1991 actual and with the 1992 budget projections.

Table 1 compares the 1992 provisional financial results with the 1992 budget and the 1991 actual results.

Sales of greeting cards for 1992 are projected at 150 million cards, with gross proceeds forecast at $148.0 million ($14.7 million higher than 1991).

The net operating income for GCO products is projected at $68.9 million (46.6 per cent of gross proceeds) and $31.1 million from private sector fund-raising. The consolidated net operating income is forecast at $98.4 million, after inclusion of a loss of $0.2 million from special fund-raising events and expenditures of $1.4 million for the Central and Eastern European National Committees Development Programme.

After allowing for an exchange rate loss of $10.8 million (estimated loss on the revaluation of GCO non-United States dollar assets), the total GCO contribution to UNICEF general resources (net income - consolidated) is estimated at $87.1 million, an increase of $4.9 million when compared to 1991 actual and an increase of $4.4 million when compared to 1992 budget.

The rate of return for GCO products (net operating income) is estimated to remain at 46.6 per cent when compared to 1991 actual, a decrease of 0.6 per cent when compared to the budget goal of 47.2 per cent.

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INTRODUCTION

1. The mandate of Greeting Card and related operations (GCO) comprises two income-generating areas which aim to maximize income for UNICEF from the public at large. These are: (a) greeting card and other products; and (b) private sector fund-raising; including special fund-raising events.

2. The GCO provisional report for the period 1 May 1992-30 April 1993 is based on income estimates received as at 31 January 1993 from National Committees for UNICEF and UNICEF field offices in each of the six market regions. Expenditures are estimated for the 12-month period ending 30 April 1993.

3. The results from each income-generating area of activity are presented separately in the present report and are consolidated in table 1, which shows GCO 1992 provisional results compared with the 1991 actual and 1992 approved work plan and budget.

4. The projected net proceeds and expenditures for private sector fund-raising and special events are shown in tables 2 and 3, respectively.

I. GREETING CARD AND RELATED PRODUCTS

5. The continued global recession, and the difficult economic and political circumstances in Central and Eastern European countries, have negatively influenced GCO results in terms of sales volume. Gross proceeds, however, are projected at the budgeted level of $148.0 million, $14.7 million (11 per cent) higher than actual 1991.

A. Sales volume

6. Sales reports for the six market regions show an estimated decrease in card volume of 1.7 million compared with the 1991 actual results. Sales by region for 1992 compared with the 1991 actual sales are projected to increase in four out of the six regions (E/ICEF/1993/AB/L.5) and are shown below in figure I.

Table 1. Income statement for 1991, 1992 budget and 1992 provisional results

	1991 actual		1992 budget		1992 provisional		Variance	
							1992 provisional vs. 1991 actual	1992 provisional vs. 1992 budget
Number of cards sold (millions)	152		162		150		(2)	(12)
	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Percentage of gross proceeds	Millions of US dollars	Millions of US dollars
Gross proceeds – GCO products	133.3	100.0	148.0	100.0	148.0	100.0	14.7	0.0
Less: Commissions and direct expenses at field offices	32.9	24.8	36.3	24.3	36.4	24.6	3.5	0.1
Net sales	100.4	75.2	111.7	75.7	111.6	75.4	11.2	(0.1)
Less: Total cost of goods delivered	26.3	20.4	27.8	19.5	29.1	19.7	2.8	1.3
Less: Operating costs	18.3	12.3	19.5	13.8	19.6	13.2	1.3	0.1
Add: Other income – net	5.2	4.1	6.4	4.8	6.0	4.1	0.8	(0.4)
Net operating income – GCO products	61.0	46.6	70.8	47.2	68.9	46.6	7.9	(1.9)
Private sector fund-raising (table 2)	31.0		9.8		31.1		0.1	21.3
Special fund-raising events (table 3)	0.9		3.5		(0.2)		(1.1)	(3.7)
Others:								
Central and Eastern European National Committees Development Programme	–		(1.4)		(1.4)		(1.4)	0.0
Net operating income – consolidated	92.9		82.7		98.4		5.5	15.7
Less:								
Exchange rate adjustment	8.1		–		10.8		2.7	10.8
Transfer to special fund-raising and new initiatives operating account	0.8		–		–		(0.8)	–
Write-off of prior years' accounts receivable	0.4		–		–		(0.4)	–
Prior years' adjustments	1.4		–		0.5		(0.9)	0.5
Net income – consolidated	82.2		82.7		87.1		4.9	4.4

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Figure I. Sales by region, 1992

Provisional results compared to 1991 actual

(In millions of cards and millions of United States dollars)

Region	1991 actual		1992 provisional		Variance Increase/ (decrease)	
	Cards sold	Amount	Cards sold	Amount	Cards sold	Amount
I. North America	15.1	13.3	15.9	13.4	0.8	0.1
II. Latin America	9.9	7.0	10.4	7.0	0.5	0.0
III. Asia	8.8	6.3	9.5	6.4	0.7	0.1
IV. Pacific, India and Pakistan	9.3	3.6	7.7	3.0	(1.6)	(0.6)
V. Europe	104.0	97.8	101.6	113.6	(2.4)	15.8
VI. Africa and the Middle East	4.4	5.3	4.7	4.6	0.3	(0.7)
Total all regions	151.5	133.3	149.8	148.0	(1.7)	14.7

7. Figure II below compares the provisional sales results of 1992 in the six market regions with the 1992 budget (see E/ICEF/1992/AB/L.6), indicating a negative variance in sales volume of 12.3 million cards.

Figure II. Sales by region, 1992

Provisional results compared to 1992 budget

(In millions of cards and millions of United States dollars)

Region	1992 budget		1992 provisional		Variance Increase/ (decrease)	
	Cards sold	Amount	Cards sold	Amount	Cards sold	Amount
I. North America	19.0	15.3	15.9	13.4	(3.1)	(1.9)
II. Latin America	11.3	7.8	10.4	7.0	(0.9)	(0.8)
III. Asia	7.5	8.3	9.5	6.4	2.0	(1.9)
IV. Pacific, India and Pakistan	10.6	3.2	7.7	3.0	(2.9)	(0.2)
V. Europe	108.4	110.4	101.6	113.6	(6.8)	3.2
VI. Africa and the Middle East	5.3	3.0	4.7	4.6	(0.6)	1.6
Total all regions	162.1	148.0	149.8	148.0	(12.3)	0.0

B. Gross proceeds

8. Gross proceeds for 1992 are estimated at $148.0 million, $14.7 million higher than 1991 actual (figure I) but the same as the 1992 budget (figure II). This was made possible in spite of the lower volume with higher prices, product mix and a favourable exchange rate.

C. Commissions and direct expenses at field offices

9. Commissions are estimated at $36.4 million, which include funds retained by National Committees for UNICEF and other sales partners, expenses incurred at field offices and commissions paid to consignees. As a percentage of gross proceeds, commissions and direct expenses at field offices are estimated at 24.6 per cent, 0.2 per cent less than the actual 1991 rate, but 0.3 per cent more than the 1992 budget rate.

D. Expenditure

Cost of goods delivered, freight, duties/taxes and promotional materials

10. This expenditure is estimated to be $29.1 million, $2.8 million higher than 1991 actual and $1.3 million more than the 1992 budget. This is due to the increased cost of promotion materials ($0.8 million) and an unfavourable exchange rate ($0.5 million). As a percentage of gross proceeds, the cost of goods delivered, freight, duties/taxes and promotional materials is estimated at 19.7 per cent, 0.7 per cent lower than 1991 actual, but 0.2 per cent higher than the budget.

Operating costs

11. Operating costs for 1992 are forecast at $19.6 million, an increase of $0.1 million compared with the 1992 budget and an increase of $1.3 million compared with 1991 actual. As a percentage of gross proceeds, 1992 operating costs are 13.2 per cent, compared with 12.3 per cent in 1991, an increase of 0.9 per cent.

E. Other income

12. Other income for 1992, generated mainly from royalties on licensed products and revenues from the sale of National Committee products, is estimated at $6.0 million, a decrease of $0.4 million when compared to the 1992 budget and $0.8 million higher than 1991 actual.

F. Net operating income - GCO products

13. The net operating income for GCO products for 1992 is projected at $68.9 million, an increase of $7.9 million compared with 1991, but $1.9 million less than the 1992 budget. As a percentage of gross proceeds the estimated net operating income is 46.6 per cent (same as 1991 actual) and 0.6 per cent lower than the 1992 budget.

II. PRIVATE SECTOR FUND-RAISING

A. Income

14. As requested by the Executive Board, income from private sector fund-raising and related expenditures are shown separately from GCO product-related income (table 2).

15. The net proceeds for 1992 are estimated at $38.3 million, an increase of $4.3 million when compared to actual 1991 and $23.3 million higher than the 1992 budget. This high increase is due to the fact that when the 1992 budget was prepared, GCO had not yet received financial results for private sector fund-raising for the 1991 fiscal year. Consequently, a very conservative income estimate was provided for the 1992 budget.

B. Expenditures

16. Operating costs are estimated at $1.4 million and research and development costs at $0.8 million (both are the same as budgeted). In view of the success of the Fund-raising Development Programme (FDP) (see the annex), the Greeting Card Committee (GCC) approved FDP expenditures to be increased from the low projection of $3.0 million to $5.0 million (medium projection). This increased investment is expected to result in incremental income for 1992 and to provide a sound basis for increased income in future years (see para. 15 above). A status report on FDP is included in the annex.

C. Net operating income

17. The estimated net operating income of $31.1 million is $0.1 million higher than the 1991 actual and $23.3 million more than the 1992 budget. These increases are due to the increased participation of National Committees and UNICEF field offices in GCO-supported private sector fund-raising activities. Implementation of the three-year FDP, starting in 1991, has resulted in an expansion of the National Committee and field office donor base, generating increased revenues for 1992/1993 and providing a sound base for sustained increases over the years to come. Excluding the impact of the higher FDP investment in 1992 ($3.9 million), the net operating income for private sector fund-raising would be $35.0 million.

Table 2. Private sector fund-raising

Income statement for 1991, 1992 budget and 1992 provisional results

(In thousands of United States dollars)

	1991 actual	1992 budget	1992 provisional	Variance: 1992 provisional vs. 1991 actual	Variance: 1992 provisional vs. 1992 budget
Net proceeds	33,988	15,000	38,300	4,312	23,300
Less:					
Operating costs	1,048	1,426	1,400	352	(26)
Research and development costs	712	800	800	88	0
Fund-raising development programme expenses	1,149	5,000	5,000	3,851	0
Total expenses	2,909	7,226	7,200	4,291	(26)
Net operating income	31,079	7,774	31,100	21	23,326

III. SPECIAL FUND-RAISING EVENTS

A. Income

18. Income from special fund-raising events is shown separately from GCO product-related and other private sector fund-raising income, as requested by the Executive Board (see E/ICEF/1990/AB/L.6, para. 8). The net proceeds of $2.8 million are expected to result in a net operating loss of $0.2 million, a decrease of $1.1 million compared with the 1991 actual and $3.7 million less than the 1992 budget. This income was generated through National Committees primarily as a direct result of the Danny Kaye International Children's Awards programmes held in several countries. The figure does not include income from private sector fund-raising activities organized around the event such as direct mail campaigns and card and other product promotions synchronized to follow up the increased visibility provided by the Danny Kaye programme.

B. Expenditures

19. Operating costs for 1992 are estimated at $0.7 million, a decrease of $0.1 million and $0.3 million compared to the 1991 actual and the 1992 budget, respectively. Research and development costs are estimated at $0.1 million, a decrease of $0.3 million compared to the 1992 budget and a decrease of $0.1 million compared to 1991 actual. The cost of production and events organization ($2.2 million) represents expenses for the Danny Kaye International Children's Awards programme.

Table 3. Special fund-raising events
Income statement for 1991, 1992 budget and 1992 provisional results

(In thousands of United States dollars)

	1991 actual	1992 budget	1992 provisional	Variance: 1992 provisional vs. 1991 actual	Variance: 1992 provisional vs. 1992 budget
Net proceeds	3,967	5,000	2,800	(1,167)	(2,200)
Less:					
Operating costs	802	1,072	750	(52)	(322)
Research and development costs	168	400	50	(118)	(350)
Production and events organization costs	2,122	-	2,200	78	2,200
Total expenses	3,092	1,472	3,000	(92)	1,528
Net operating income	875	3,528	(200)	(1,075)	(3,728)

IV. CONSOLIDATED PROVISIONAL RESULTS

A. Net operating income - consolidated

20. The GCO consolidated net operating income for 1992 is estimated at $98.4 million (see table 1), $5.5 million more than 1991 actual results and $15.7 million higher than the 1991 budget.

B. Exchange rate adjustment

21. An exchange rate adjustment of $10.8 million is made to cover anticipated losses caused by the revaluation of GCO non-United States dollar-denominated assets. It also includes actual exchange rate losses on prior years' accounts receivable incurred before 31 January 1993.

C. Net profit - consolidated

22. After deducting $10.8 million for the impact of exchange rate variations and $0.5 million for prior years' adjustments from the net operating income ($98.4 million), the consolidated GCO net income is estimated at $87.1 million, an increase of $4.9 million compared with the 1991 actual and $4.4 million more than the 1992 budget.

Annex

FUND-RAISING DEVELOPMENT PROGRAMME: PROGRESS REPORT - 1 MAY 1991-31 DECEMBER 1992

1. The following is a status report on the results of the FDP. A final report on the programme will be presented in 1994.

2. FDP is just past its mid-point, having run 20 months of its projected three years. A total of 28 programmes in 15 countries have been approved by GCC. Owing to insufficient responses during their test phases, four programmes were cancelled by applicants before the allocation of funds. To date, 10 National Committees and three field offices have benefited from the programme. A total of $6.0 million has been committed (after deduction of the amounts approved for cancelled programmes).

3. FDP has proven to be a good investment in both the present and the future for National Committees for UNICEF and UNICEF field offices. To date, $3.4 million has been disbursed, resulting in proceeds of $8.4 million. More importantly, a total of nearly 125,000 new donors, including 27,000 monthly pledge donors, have been acquired. Their combined value in terms of future net income is calculated to be more than $20 million over five years and $35 million over 10 years.

4. Figures in the present report are based on information received by the Fund-raising Support Section of GCO by National Committees and UNICEF field offices.

5. "Funds raised" are defined as income generated by the campaign that is directly proportional to the investment made. If the FDP investment was 50 per cent of the total cost of the campaign, then only 50 per cent of the income is shown.

6. "New donors" are donors acquired from external mailing lists who have become first-time donors to UNICEF.

Fund-raising Development Programme
Progress report:1 May 1991 - 31 December 1992
(In thousands of United States dollars)

Country	Campaign Code	Programme	Date Approved	Amount committed	Amount disbursed	Status	Funds raised directly attributable to FDP	New donors directly attributable to FDP funding	Comments
Australia	872-001	Integrated direct mail programme	15/11/91	800	130	Ongoing	142	4,350	Suspended for one year; reactivated in October 1992. Preliminary results are now coming in.
Belgium	822-001	Direct mail premium donor acquisition campaign	20/8/92	220	123	Ongoing	183	10,400	Launched in November 1992. Awaiting final results.
Brazil	851-001	ECO-92 direct mail donor acquisition campaign	20/8/92	135	94	Completed	264	10,900	Campaign very successful. Generated substantial net income and new donors.
	851-002	Direct mail premium donor acquisition campaign.	20/8/92	175		Ongoing			Launched in December 1992. Generated substantial number of new donors. Final results not yet available.
France	825-001	Multimedia television and print campaign	15/11/91	60	60	Completed	126	2,472	FDP funds used as seed money to subsidize a major campaign which acquired over 100,000 new donors for the French Committee.
Germany	826-001	Direct mail programme to acquire monthly pledge donors	15/11/91	298	298	Completed	316	5,012	Campaign generated 7,160 new pledge donors from the in-house list. FDP funds covered 70 per cent of the cost of the campaign.
	826-2	Annual report direct mail campaign	15/11/91	21	21	Completed	125		FDP funds were used as seed money to subsidize the annual report campaign (20 per cent).
	826-3	Direct mail premium donor acquisition campaign	26/10/92	968	968	Completed	1,935	42,900	FDP funds were used to subsidize a $3 million acquisition campaign which added substantially to the Committee's in-house mailing list.

Country	Campaign Code	Programme	Date Approved	Amount committed	Amount disbursed	Status	Funds raised directly attributable to FDP	New donors directly attributable to FDP funding	Comments
Hong Kong	866-001	Direct mail premium donor acquisition campaign	21/10/92	240	37	Completed	862	15,374	A test and roll-out in autumn 1992 resulted in substantial income, new donors and valuable information about mailing lists available.
Japan	864-001	Direct mail premium donor acquisition campaign	26/10/92	150		Ongoing			Campaign launched in December 1992. Final results not yet available.
Republic of Korea	852-001	Children's Day direct mail donor acquisition campaign	30/3/92	95	95	Completed	152	4,700	Campaign generated new donors and provided valuable information about mailing lists available in the Republic of Korea.
	852-002	Thanksgiving Day direct mail donor acquisition campaign	20/8/92	140	133	Completed	169	3,789	Campaign generated new donors and provided valuable information about address lists available in the Republic of Korea.
	852-003	Direct mail premium donor acquisition campaign	26/10/92	335		Ongoing			Campaign launched in November 1992. Final results not yet available.
Mexico	853-001	Direct mail premium donor acquisition campaign	26/10/92	100		Active			Campaign launched end-December 1992.
Netherlands	831-001	Seven television programmes to recruit sponsors for "Chance for a Child"	15/11/91	1,000	1000	Completed	3,600	22,500	FDP funded 50 per cent of this campaign which acquired a total of 45,000 new monthly pledge donors that will generate income for years to come.
New Zealand	873-001	Letter Box Drop roll-out campaign based on 1990 national envelope appeal	15/11/91	110	56	Ongoing	24	2,430	Campaign acquired new donors, but did not generate surplus income.

/...

Country	Campaign Code	Programme	Date Approved	Amount committed	Amount disbursed	Status	Funds raised directly attributable to FDP	New donors directly attributable to FDP funding	Comments
New Zealand (continued)	873-002	Direct mail premium donor acquisition campaign	25/8/92	65		Ongoing			Campaign launched in December 1992. Final results not yet available.
Switzerland	836-001	Increase participation in annual review loyalty-building and upgrading programme	15/11/91	60	52	Completed	191		FDP funds covered 20 per cent of the cost of the campaign.
United States	855-001	Multi-media campaign with video and telemarketing	Nov-91	100	95	Completed	305		Use of video cassette and telephone follow-up increased response rate and average donation level by more than 40 per cent.
	855-002	"Run for UNICEF" school children's collection campaign	6/3/92	90		Ongoing			
	855-003	National UNICEF Day collection campaign (upgrading)	10/7/92	100	81	Completed			Campaign showed a marked improvement over previous years. Final analysis not yet available.
	855-004	Legacies and bequests	26/10/92	68		New			
	855-005	Somalia emergency direct mail donor acquisition campaign	26/10/92	404		New			
	855-006	Elimination of iodine deficiency disorders campaign with Kiwanis International	16/12/92	248	136	New			
Total				5,982	3,380		8,395	124,827	

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FOR INFORMATION

GREETING CARD AND RELATED OPERATIONS

Financial report and accounts for the year ended 30 April 1992

SUMMARY

The present document presents the results of UNICEF Greeting Card and related operations (GCO) for the year ended 30 April 1992.

As requested by the UNICEF Executive Board, accounts from all three areas of GCO income-generating activities are maintained and presented separately but are consolidated in statement I.

GCO sold 152 million cards in 1991, a decrease of 2 million cards (1.3 per cent) compared to 1990 sales. Gross proceeds decreased from $134.9 million in 1990 to $133.3 million in 1991.

The net operating income from the sale of UNICEF greeting cards and related products was $61 million, representing a 45.7 per cent return on gross proceeds. Net operating income from GCO-supported private sector fund-raising appeals was $31 million and income from special fund-raising events and new initiatives (SENI) was $0.9 million. The consolidated net operating profit of $92.9 million was $13.6 million, or 17.1 per cent, over 1990.

After allowing for an exchange rate adjustment of $8.1 million, the transfer to the SENI special operating account of $0.8 million, an accounts receivable write-off of $0.4 million and prior years' adjustments of $1.4 million, the GCO consolidated net income contribution to UNICEF general resources was $82.2 million, an increase of $5.6 million, or 7.3 per cent, over 1990.

A country-by-country performance report for the five-year period 1987-1991, with a detailed analysis of 1991, is contained in the annex to the present report.

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FOREWORD

I am pleased to report that in 1991 the Greeting Card and related operations (GCO) were able to achieve a net contribution of $82.2 million to UNICEF general resources and a sales volume of 152 million cards. The general public, through GCO, thus contributed almost 16 per cent of UNICEF general resources income.

This success is due to the work of hundreds of thousands of individuals around the world. Our thanks go to the National Committees for UNICEF and other cooperating groups whose staff and volunteers sold UNICEF cards and other products; to the hundreds of artists, museums and art collectors whose works were made available, at no charge, for greeting card designs; and to the millions of individuals who purchased UNICEF cards and other products and who donated their time and money to the cause of UNICEF throughout the year. Equally important, the above achievements became possible because of the successful fund-raising efforts undertaken by the National Committees for UNICEF and UNICEF field offices, and the millions world wide who responded with their individual contributions.

(Signed) James P. GRANT
Executive Director

I. FINANCIAL REPORT FOR THE YEAR ENDED 30 APRIL 1992

A. An overview of the results

1. As stated in the GCO provisional report for the year ended 30 April 1992 (E/ICEF/1992/AB/L.4), the global recession, a postal strike in Canada and the difficult economic and political circumstances in Central and Eastern European countries have negatively influenced GCO results in terms of sales volume. Gross proceeds in dollar terms have been further impacted by the strengthening of the United States dollar. In spite of these adverse circumstances, the consolidated net income of $82.2 million is the highest in GCO history (see Statement I).

2. In 1991, GCO contributed $82.2 million to UNICEF general resources. This contribution consists of the consolidated net operating income on the sale of UNICEF greeting cards and other products of $61 million, the net operating income of $31 million from GCO-supported private sector fund-raising appeals and net operating income of $0.9 million from special fund-raising events and new initiatives (SENI), offset by $10.7 million for an exchange rate adjustment, transfer to the SENI special operating account, an accounts receivable write-off and prior years' adjustments.

3. A total of 152 million cards were sold in 1991, a decrease of 2 million cards (1.3 per cent) compared to 1990. Gross proceeds decreased from $134.9 million in 1990 to $133.3 million. As mentioned above, the global recession and the difficult economic and political circumstances in Central and Eastern Europe negatively affected the sales volume and gross proceeds. The net operating income for greeting cards and other products declined from $62.8 million (46.6 per cent return in gross proceeds) to $61 million (45.7 per cent return) in 1991, a decrease of $1.8 million (2.9 per cent). Reaching a 50 per cent return on gross proceeds from product sales remains a fundamental goal for GCO, an objective set by the UNICEF Executive Board.

4. The net operating income from private sector fund-raising and SENI increased from $16.5 million in 1990 to $31.9 million in 1991 as National Committees for UNICEF and field offices expanded private sector fund-raising activities supported by GCO. (See paras. 34-38 below for details.)

5. The highlights of the 1991 results, compared to 1990 actual figures and 1991 budget figures, are shown in the following table. More detailed explanations are provided in the notes to the financial statements (see paras. 23-55 below) and in the five-year (1987-1991) overview of country-by-country performance (see table 2).

	1991 actual	Change over 1990 b/	1990 actual	Change over 1991 budget c/	1991 budget
Card sales (in millions)	152	-2	154	16	168
			(In millions of U.S. dollars)		
Gross proceeds	133.3	-1.6	134.9	-11.4	144.7
Less:					
Commissions	32.9	0.6	33.5	2.3	35.2
Total costs	44.6	-0.5	44.1	3.5	48.1
Add:					
Other income - net	5.2	-0.3	5.5	-1.8	7.0
Net operating income - GCO products	61.0	-1.8	62.8	-7.4	68.4
Net operating income - Private sector fund-raising and Special fund-raising events and new initiatives	31.9 a/	15.4	16.5	16.9	15.0
Net operating income - consolidated	92.9	13.6	79.3	9.5	83.4
Exchange rate adjustments	-8.1	-6.5	-1.6	-8.1	0.0
Transfer to SENI special operating account	-0.8	-0.8	0.0	-0.8	0.0
Write-off of prior years' accounts receivable	-0.4	-0.3	-0.1	-0.4	0.0
Prior years' adjustments	-1.4	-0.4	-1.0	-1.4	0.0
Net income - consolidated	82.2	5.6	76.6	-1.2	83.4

a/ Excluding $5.5 million allocated to supplementary funds (see paras. 34 - 37). This is shown in the UNICEF financial report.
b/ Variance between 1991 actual and 1990 actual.
c/ Variance between 1991 actual and 1991 budget.

Product sales and gross proceeds

6. In 1991, card sales of 152 million represented a decrease of 2 million cards when compared to 1990 figures and 16 million fewer than the 1991 budget of 168 million. Gross proceeds were $133.3 million, $1.6 million (1.2 per cent) less than in 1990 and $11.4 million (7.9 per cent) less than the 1991 budget. The main reasons for the shortfall were the global recession and the difficult political and economic circumstances in Central and Eastern Europe.

Commissions

7. Commissions (funds retained by National Committees and other sales partners), expenses incurred at field offices and commissions paid to consignees amounted to $32.9 million and represented 24.7 per cent of gross proceeds.

Total costs

8. Total costs amounted to $44.6 million (an increase of $0.5 million over 1990) and consisted of costs of goods delivered (including freight, duties and taxes) and operating costs. As a percentage of gross proceeds, total costs were 33.4 per cent, an increase of 0.7 per cent when compared with 1990 figures.

9. The cost of goods delivered amounted to $26.3 million, a decrease of $1.3 million (4.6 per cent) compared to 1990. This decrease is a result of a drop in sales volume (as indicated in para. 1), production efficiencies and cost containment.

10. Operating costs amounted to $18.3 million, an increase of $1.7 million (10.4 per cent) over 1990. This was a cumulative result of statutory salary increases and higher marketing costs to support increased efforts to stimulate card and other product sales in GCO major markets, especially under the above-mentioned difficult circumstances. As a percentage of gross proceeds, operating costs were 13.7 per cent, 1.4 per cent higher than in 1990 and 0.1 per cent lower than the budgeted 13.8 per cent.

Other income - net

11. Other income totalled $5.2 million (a decrease of $0.3 million when compared with 1990). This includes royalty income from licensed products, income from Nippon Telegraph and Telephone Corporation's pressed flower telegram programme in Japan (see para. 32 below) and profits from the sale of National Committee products and donations generated through GCO brochures, offset by a provision for uncollectible accounts.

Net operating income - GCO products

12. Net operating income from product sales was $61 million, $1.8 million (2.9 per cent) lower than in 1990.

13. As a percentage of gross proceeds, the GCO contribution of $61 million is 45.7 per cent, a decrease of $7.4 million when compared to the 1991 budget and

a 2.9 per cent decrease when compared to the 1990 actual level, owing to the factors listed in paragraph 1 above, which resulted in a drop in sales volume and gross proceeds. GCO, however, will continue its efforts to achieve higher contribution levels, as well as to achieve the Executive Board recommended level of 50 per cent return on gross proceeds.

Net operating income - private sector fund-raising

14. Net operating income from GCO-supported National Committee and field office fund-raising appeals reached $31 million, an increase of $14.6 million (88.2 per cent) over 1990.

15. The $31 million was raised for UNICEF general resources and recorded in the accounts of GCO. In addition, $5.5 million from GCO-supported National Committee fund-raising was raised for UNICEF supplementary-funded projects and is shown in the UNICEF financial report.

Net operating income - SENI

16. Net operating income directly attributed to SENI amounted to $0.9 million in 1991. During the year, 22 National Committees and 13 UNICEF field offices received support from GCO/SENI. A major focus of this support was the Danny Kaye International Children's Awards project and the International Football Association benefit match held in Germany. While revenue directly attributable to SENI was only $0.9 million, its impact on other private sector fund-raising activities organized around the event far exceeds its direct revenue.

Net operating income - consolidated

17. Consolidated net operating income of GCO, reflecting performance before the effect of exchange rate fluctuations, accounts receivable write-off and prior years' adjustment, amounted to a record $92.9 million, an increase of $13.6 million (17.1 per cent) over 1990.

Exchange rate adjustment

18. For 1991, the GCO overall exchange rate adjustment amounted to a net loss of $8.1 million. This was after providing a $10.8 million allowance for anticipated exchange rate losses on non-United States dollar accounts receivable as at 30 April 1992 and a gain on revaluation of $2.7 million on assets and liabilities held in currencies other than the United States dollar (see para. 40 below).

Prior years' adjustments

19. This consists of sales-related adjustments reported by National Committees and other sales partners for prior years. Total prior years' sales-related adjustments recorded in 1991 amounted to $1.4 million.

Accounts receivable write-off

20. This consists of accounts receivable written off that are deemed to be irrecoverable. For 1991, total accounts receivable write-off amounted to $0.4 million.

Net income - consolidated

21. Consolidated net income for 1991 was $82.2 million, an increase of $5.6 million (7.3 per cent) compared to 1990.

B. Financial statements for the year ended 30 April 1992

22. The three financial statements that follow are supported by the notes to the financial statements (paras. 23-55), which are considered an integral part of the financial report.

STATEMENT I

Statement of income and expenditure for the year ended 30 April 1992

(In thousands of United States dollars)

	Note	1991		1990		Variance Increase/(decrease)	
Number of cards sold (millions)		**152**		**154**		**(2)**	
			%		%		%
Gross proceeds	1	133,287	100.0	134,916	100.0	(1,629)	(1.2)
Less: Commissions to sales partners and direct expenses at field offices	2	32,930	24.7	33,494	24.8	(564)	(1.7)
Net proceeds		100,357	75.3	101,422	75.2	(1,065)	(1.1)
Less: Cost of goods delivered	3	26,315	19.7	27,572	20.4	(1,257)	(4.6)
		74,042	55.6	73,850	54.8	192	0.3
Less: Operating costs	4	18,278	13.7	16,561	12.3	1,717	10.4
		55,764	41.9	57,289	42.5	(1,525)	(2.7)
Add: Other income - net	5	5,192	3.8	5,512	4.1	(320)	(5.8)
Net operating income - GCO products	6	60,956	45.7	62,801	46.6	(1,845)	(2.9)
Add: Net operating income							
Private sector fund-raising a/	7	31,079		16,516		14,563	88.2
Special fund-raising events and new initiatives	8	875		31		844	2,722.6
Net operating income - consolidated	9	92,910		79,348		13,562	17.1
Less: Exchange rate adjustment	10	8,070		1,578		6,492	411.4
Transfer to SENI special operating account	11	833		-		833	-
Write-off of prior years' accounts receivable	12	392		119		273	229.4
Prior years' adjustments	13	1,386		1,013		373	36.8
Net income - consolidated	14	82,229		76,638		5,591	7.3

a/ Excluding $8.5 million allocated to supplementary funds (see paras. 34-37). This is shown in the UNICEF financial report.

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

STATEMENT II

Statement of assets, liabilities and fund balance as at 30 April 1992

(In thousands of United States dollars)

	Note	1991		1990		Increase/(decrease)	
ASSETS							
Cash	15		734		524		210
Accounts receivable	16	125,175		106,041		19,134	
Less: Allowance for exchange rate fluctuation		10,752		8,604		2,148	
Net accounts receivable	17		114,423		97,437		16,986
Inventory	18		16,725		13,425		3,300
Prepaid expenses	19		1,183		255		928
Capital assets	20		1,163		1,327		(164)
Total assets			134,228		112,968		21,260
LIABILITIES							
Accounts payable	21	6,313		3,742		2,571	
UNICEF inter-office account	22	45,687		32,588		13,099	
Total liabilities			52,000		36,330		15,670
FUND BALANCE	23		82,228		76,638		5,590
Total liabilities and fund balance			134,228		112,968		21,260

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

/...

STATEMENT III

Comparative statement of the actual results for the year ended 30 April 1992 with the approved budget

(In thousands of United States dollars)

	1991							
	Actual			Budget			Variance	%
Number of cards sold (millions)	152			168			16	9.5
			%			%		
Gross proceeds		133,287	100.0		144,700	100.0	(11,413)	(7.9)
Less: Commissions to sales partners and direct expenses at field offices		32,930	24.7		35,200	24.3	(2,270)	(6.4)
Net proceeds		100,357	75.3		109,500	75.7	(9,143)	(8.3)
Less: Cost of goods delivered	18,355		13.8	19,500		13.5	(1,145)	(5.9)
Freight, duties and taxes	3,626		2.7	3,700		2.6	(74)	(2.0)
Promotion materials	4,334		3.3	5,000		3.5	(666)	(13.3)
Total cost of goods delivered		26,315	19.7		28,200	19.5	(1,885)	(6.7)
Less: Marketing, sales and art	6,131		4.6	5,635		3.9	496	8.8
Operations	4,885		3.7	4,999		3.5	(114)	(2.3)
Administration	7,262		5.4	9,266		6.4	(2,004)	(21.6)
Total operating costs		18,278	13.7		19,900	13.8	(1,622)	(8.2)
Add: Other income - net		5,192	3.8		7,000	4.8	(1,808)	(25.8)
Net operating income - GCO products		60,956	45.7		68,400	47.3	(7,444)	(10.9)
Add: Net operating income								
Private sector fund-raising a/		31,079			11,400		19,679	172.6
Special fund-raising events and new initiatives		875			3,600		(2,725)	(75.7)
Net operating income - consolidated		92,910			83,400		9,510	11.4
Less: Exchange rate adjustment		8,070			-		8,070	-
Transfer to SENI special operating account		833			-		833	-
Write-off of prior years' accounts receivable		392			-		392	-
Prior years' adjustments		1,386			-		1,386	-
Net income - consolidated		82,229			83,400		(1,171)	(1.4)

a/ Excluding $5.5 million allocated to supplementary funds (see paras. 34-37). This is shown in the UNICEF financial report.

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

C. Notes to the financial statements

Statement I (income and expenditure)

Note 1. Gross proceeds from product sales

23. This shows the total sales value of all GCO products sold during the year. Sales by major product category compared to 1991 are shown below:

	(In millions of United States dollars)			
			Variance	
	1991	1990	$	%
Cards	106.4	106.7	(0.3)	(0.3)
Calendars	6.0	3.8	2.2	57.9
Stationery	5.5	8.6	(3.1)	(36.0)
Educational materials	6.4	6.4	0.0	0.0
Other products	9.0	9.4	(0.4)	(4.3)
Total	133.3	134.9	(1.6)	(1.2)

24. Gross proceeds amounted to $133.3 million, a decrease of $1.6 million over 1990. This was mainly the result of a drop in sales volume.

25. Gross proceeds by sales channel for 1991 compared to 1990 were:

	(In millions of United States dollars)			
			Variance	
	1991	1990	$	%
National Committees and other sales partners	118.1	120.4	(2.3)	(1.9)
Field offices	15.2	14.5	0.7	4.8
Total	133.3	134.9	(1.6)	(1.2)

26. A detailed analysis of sales and performance by country is contained in the annex to the present report.

Note 2. Commissions and field office expenses

27. This item consists of commissions paid to National Committees and other sales partners and total direct selling expenses at UNICEF field offices.

Commissions and other selling expenses amounted to $32.9 million (24.7 per cent of gross proceeds). A breakdown is given below:

	(In millions of United States dollars)			
			Variance	
	1991	1990	$	%
National Committees and other sales partners	28.8	30.1	(1.3)	(4.3)
Field offices	4.1	3.4	0.7	20.6
Total	32.9	33.5	(0.6)	(1.7)

Note 3. Cost of goods delivered

28. The cost of goods delivered, including promotion materials, freight, duties and taxes, was $26.3 million, a decrease of $1.3 million, 4.6 per cent over 1990. The decrease is due mainly to a lower sales volume (see para. 1). As a percentage of gross proceeds, the total cost of goods delivered was 19.7 per cent, a decrease of 0.7 per cent when compared to 1990. Details are presented below:

	(In thousands of United States dollars)			
			Variance	
	1991	1990	$	%
Costs of goods delivered	18 355	19 615	(1 260)	(6.4)
Freight, duties, taxes	3 626	3 450	176	5.1
Promotion materials	4 334	4 507	(173)	(3.8)
Total	26 315	27 572	(1 257)	(4.6)

Note 4. Operating costs

29. These represent the total GCO operating costs, i.e., the costs of marketing products, operations and administration including staffing. The 1991 costs amounted to $18.3 million, an increase of $1.7 million over 1990. As a percentage of gross proceeds, operating costs were 13.7 per cent, 1.4 per cent higher than the 1990 actual level.

30. The increase was due mainly to higher marketing and sales costs in support of the sales efforts in major and minor markets, statutory salary increases and higher rental costs.

	(In thousands of United States dollars)			
			Variance	
	1991	1990	$	%
Marketing, sales, art search	6 131	5 437	694	12.7
Operations	4 885	4 832	53	1.1
Administration	7 262	6 292	970	15.4
Total	18 278	16 561	1 717	10.4

Note 5. Other income - net

31. Other income decreased by $0.3 million (5.8 per cent) in 1991. A comparison between 1991 and 1990 is presented below and in detail in paragraph 32.

	(In thousands of United States dollars)			
			Variance	
	1991	1990	$	%
Licensed products	2 313	2 003	310	15.4
Donations	1 274	1 883	(609)	(32.3)
Miscellaneous income	1 605	1 626	(21)	(1.3)
Total	5 192	5 512	(320)	(5.8)

32. Other income comprises the following:

(a) Income from licensed products ($2.3 million), including royalties from special programmes (stamp collections, plates, etc.), income from Nippon Telegraph and Telephone Corporation's pressed flower telegram programme in Japan and income from the sale of National Committee products and other items;

(b) Donations ($1.3 million), representing contributions generated through GCO brochures/order forms. The decrease of $0.6 million is attributed to the same donor base being solicited to contribute to UNICEF income by private sector fund-raising, which reported a substantial increase from direct mail campaigns in 1991;

(c) Miscellaneous income ($1.6 million), including bank interest, discounts on purchases and proceeds from the sale of obsolete equipment, offset by a provision for uncollectible accounts.

Note 6. Net operating income - GCO products

33. For the 1991 campaign, the net operating income for GCO products was $61 million, a decrease of $1.8 million compared to 1990. As a percentage of

gross proceeds, the net operating income is 45.7 per cent, a decrease of 1.6 per cent when compared with the 1991 budget and a 0.9 per cent decrease when compared to 1990.

Note 7. Net operating income - private sector fund-raising

34. In 1991, the number of National Committees and field offices conducting GCO-supported fund-raising appeals increased from 18 to 19 and the net income generated for UNICEF from these campaigns, including proceeds for supplementary funds, rose from $19.7 million (1990) to $39.5 million (1991), an increase of $19.8 million, or 100.1 per cent (see table, page 17). The higher revenues were obtained through new and expanded private-sector fund-raising activities implemented by National Committees and field offices.

35. Of the $39.5 million total, $5.5 million was allocated by National Committees to various UNICEF supplementary-funded projects. According to the Financial Regulations and Rules of the United Nations Children's Fund (Regulation 4.2) under which GCO contributes exclusively to UNICEF general resources, funds allocated in this way cannot be included in the GCO accounts. Therefore, GCO is reporting total net proceeds of $34 million in its 1991 financial statements, with the balance of $5.5 million being shown in the consolidated UNICEF financial report. (For details, see the table on proceeds from private sector fund-raising, p. 17.)

36. The 1991 net operating income of $31 million for private sector fund-raising is presented in the comparative statement of income and expenses on page 16. GCO operating expenses in the area of private sector fund-raising for 1991 amounted to $1 million. Staff costs were higher in order to cover the increased workload resulting from the new and expanded appeals. Support services and materials decreased as more of the materials produced for GCO-supported campaigns were reimbursed from Committees' fund-raising income. Costs for travel, conferences and liaison are higher because of increased participation of National Committees in GCO-supported fund-raising campaigns.

PRIVATE SECTOR FUND-RAISING

Statement of income and expenditure for the year ended 30 April 1992

(In thousands of United States dollars)

	1991	1990	Variance Increase (decrease) $	Variance Increase (decrease) %
Proceeds	33 988	17 473	16 515	94.5
Operating costs				
Professional project staff	584	540	44	8.1
General Service project staff	177	204	(27)	(13.2)
Short-term staff	13	-	13	-
Travel, conferences and liaison	102	72	30	41.7
Support services and materials	28	94	(66)	(70.2)
Rent, equipment, supplies and freight	144	47	97	206.4
Total operating costs	1 048	957	91	9.5
Research and development				
Fund-raising Development Programme a/	1 149	-	1 149	-
Fund-raising test campaigns	574	-	574	-
Development of new methods	106	-	106	-
Analysis, compilation, etc.	32	-	32	-
Total research and development	1 861	-	1 861	100
Net operating income	31 079	16 516	14 563	88.2

a/ To enable GCO to fulfil its mandate in private sector fund-raising, the Executive Board authorized the implementation of a three-year (1991-1993) fund-raising development programme to increase the capacity of National Committees and UNICEF field offices in building a broader support base in raising funds from the private sector (see E/ICEF/1991/AB/L.6). As of 30 April 1992, GCO has approved funds amounting to $2.9 million for allocation to various National Committees of which $1.1 million has been spent. A status report on the Fund-Raising Development Programme will be included as part of the Greeting Card and related Operations Workplan and proposed budget for 1993 to be presented to the 1993 Executive Board.

PROCEEDS FROM PRIVATE SECTOR FUND-RAISING
(In United States dollars)

	1991	1990	Variance Increase (decrease) $	Variance Increase (decrease) %
National Committees				
Australia	-	150 223	(150 223)	(100.0)
Belgium	2 645 115	326 146	2 318 969	711.0
Denmark	9 565	44 235	(34 670)	(78.4)
France	10 773 820	8 038 457	2 735 363	34.0
Germany	8 351 666	5 819 801	2 531 865	43.5
Greece	188 984	-	188 984	100.0
Hong Kong	72 141	41 701	30 440	73.0
Italy	10 956 863	3 746 299	7 210 564	192.5
Japan	316 631	102 234	214 397	209.7
Luxembourg	50 172	-	50 172	100.0
Netherlands	905 903	552 006	353 897	64.1
New Zealand	-	20 521	(20 521)	(100.0)
Norway	-	807	(807)	(100.0)
Portugal	790 928	-	790 928	100.0
Sweden	72 917	53 475	19 442	36.4
Switzerland	2 818 312	-	2 818 312	100.0
Turkey	27 580	12 278	15 302	124.6
United Kingdom	783 369	-	783 369	100.0
United States of America	552 846	797 534	244 688	(30.7)
	39 316 812	19 705 717	19 611 095	99.5
Field offices				
Brazil	87 358	-	87 358	100.0
Cyprus	9 587	18 890	(9 303)	49.2
Indonesia	-	2 544	(2 544)	(100.0)
Korea, Republic of	89 994	-	89 994	100.0
Mexico	-	11 140	(11 140)	(100.0)
Singapore	-	4 032	(4 032)	(100.0)
	186 939	36 606	150 333	410.7
Total income	39 503 751	19 742 323	19 761 428	100.1
Less: Income recorded in UNICEF financial report	5 515 834	2 269 534	3 246 300	143.0
Proceeds from private sector fund-raising	33 987 917	17 472 789	16 515 128	94.5

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37. Research and development costs amounted to $1.9 million and included costs related to fund-raising development programme and testing new campaigns, the results from which formed the basis for the roll-out of the successful campaign.

Note 8. Net operating income - SENI

38. In 1989, the Executive Director assigned the handling of special fund-raising events and new initiatives to GCO (E/ICEF/1990/AB/L.6, para. 67). Approximately 35 National Committees and UNICEF field offices received support from GCO/SENI in 1991. The major focus of this support was the Danny Kaye International Children's Awards (DKICA) project and providing assistance in the review and implementation of national and local projects. The net proceeds in 1991 resulted mainly from the Danny Kaye project and the International Football Association benefit match. GCO operating expenses in the area of SENI for 1991 amounted to $3.1 million, an increase of $2.2 million compared to 1990. This increase was due to the production and events organization costs related to the start up of the DKICA project. Net operating income amounted to $0.9 million, an increase of $0.8 million when compared to 1990. Details are presented below.

SPECIAL FUND-RAISING EVENTS AND NEW INITIATIVES

Statement of income and expenditures
for the year ended 30 April 1992

(In thousands of United States dollars)

	1991	1990	Variance Increase (decrease) $	Variance Increase (decrease) %
Net proceeds	3 967	883	3 084	349.3
Operating costs				
Professional project staff	525	494	31	6.3
General Service project staff	87	101	(14)	(13.9)
Short-term staff	15	-	15	-
Training and liaison	46	67	(21)	(31.3)
Rent, equipment, supplies and freight	129	38	91	239.5
Support services and materials	168	152	16	10.5
Production and events organization costs	2 122	-	2 122	-
Total operating costs	3 092	852	2 240	262.9
Net operating income	875	31	844	2 722.6

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Note 9. Net operating income - consolidated

39. The consolidated net operating income from GCO products, private sector fund-raising and SENI amounted to $92.9 million in 1991, an increase of $13.6 million compared to 1990.

Note 10. Exchange rate adjustment

40. The effect of exchange rate fluctuations on GCO income and accounts receivable can be substantial (see para. 60 below). In 1991, this resulted in an adjustment of $8.1 million, composed of:

(a) A gain of $2.7 million on periodic revaluations of assets and liabilities held in currencies other than the United States dollar;

(b) An allowance of $10.8 million established to cover any losses caused by the impact of exchange rate fluctuations on accounts receivable in non-United States dollars as at 30 April 1992 (see para. 47 below).

Note 11. Transfer to SENI special operating account

41. During the year, $0.8 million was transferred to fund the SENI special operating account, established by the Executive Board in 1990 (see E/ICEF/1990/AB/L.6, paras. 82, 83 and 95 (c)). The SENI special operating account is used only when anticipated event revenues are not received in time to cover initial expenses and is subject to an approved budget, realistically demonstrating that when total revenues are received, they will be sufficient to reimburse the account. At the conclusion of an event, any funds advanced from the special operating account are repaid. Access to this account is governed by rules developed in cooperation with the Division of Financial Management and in accordance with the UNICEF Financial Regulations and Rules and the Special Supplement - Greeting Card Operation (E/ICEF/FINANCIAL RULES/1/Add.1). Funding of the special operating account comes from event income.

Note 12. Accounts receivable write-off

42. It is GCO policy to write off receivables after three years or when they are deemed not collectible. Nevertheless, GCO continues its efforts to collect on these debts. For 1991, the write-off is $0.4 million, an increase of $0.3 million when compared to 1990. This is presented separately in the financial statement.

Note 13. Prior years' adjustments

43. In accordance with existing GCO accounting policy, adjustments to gross proceeds for prior years have been recorded as prior years' adjustments. For 1991, these amounted to $1.4 million (compared to $1 million in 1990) and reflect adjustments to sales reported in prior periods, mainly for the United States Committee for UNICEF ($1 million) and the UNICEF India field office ($0.3 million). This accounting policy has been revised. Starting with the GCO 1992 fiscal year, all recurring adjustments will be reported with the results of the current year's operations and only non-recurring adjustments will be treated as prior period adjustments.

Note 14. Net profit - consolidated

44. In 1991 the consolidated net profit from GCO products, private sector fund-raising and SENI to UNICEF was $82.2 million, an increase of $5.6 million compared to 1990.

Statement II (assets, liabilities and fund balance)

Note 15. Cash

45. Cash ($0.7 million) consisted of balances in GCO bank accounts and petty cash.

Note 16. Accounts receivable

46. Accounts receivable include amounts due from National Committees and other sales partners for revenues from product sales, private sector fund-raising, royalties and miscellaneous receivables. The gross accounts receivable as at 30 April 1992 were $125.2 million, compared to $106.1 million as at 30 April 1991. The increase of $19.1 million is due mainly to higher income from private sector fund-raising. Agreements with National Committees provide for payment of these balances by 31 August of each year after the campaign. The outstanding balance as at 1 November 1992 was $35.5 million.

Note 17. Net accounts receivable

47. According to the GCO accounting policy (see para. 60 below), an allowance of up to 10 per cent of accounts receivable held in non-United States dollar currencies may be established; for 1991, the allowance amounted to $10.8 million. Net accounts receivable after deducting this allowance amounted to $114.4 million.

Note 18. Inventory

48. Inventory is stated at standard cost (raw materials, products in process, finished products and products in transit) and at 30 April 1992 amounted to $16.7 million, an increase of $3.3 million compared to 1990. This increase is attributable to an expanded product line, especially non-card products. The inventory at 30 April 1992 consisted of:

	(In thousands of United States dollars)	
	1991	1990
Raw materials	3 997	3 421
Products in process	2 154	2 088
Finished goods	8 255	5 353
Goods in transit	2 319	2 563
Total	16 725	13 425

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Note 19. Prepaid expenses

49. These represented payments made to suppliers for the production of GCO products and promotion materials for 1992 and future campaigns. At 30 April 1992, prepaid expenses amounted to $1.2 million.

Note 20. Capital assets

50. These are stated at cost, less accumulated depreciation. In accordance with GCO accounting policies, capital assets costing $0.1 million or more are capitalized and depreciated over their estimated useful life. Below is a summary of capital assets at 30 April 1992.

	(In thousands of United States dollars)	
	1991	1990
Production machinery	566	566
Office equipment	997	997
Subtotal	1 563	1 563
Accumulated depreciation	400	236
Total	1 163	1 327

Note 21. Accounts payable

51. Total accounts payable at 30 April 1992 amounted to $6.3 million, an increase of $2.6 million when compared to 1990. A total of $4.4 million was payable to outside suppliers and agencies and $1.9 million was accrued for salaries and expenses payable.

Note 22. UNICEF inter-office account

52. This represents the balance owed to UNICEF for monies advanced as working capital to GCO, which at 30 April 1992 was $45.7 million. Each year end, GCO earnings are transferred to UNICEF via this account.

Note 23. Fund balance

53. This represents GCO earnings which are transferred to UNICEF general resources income annually. At 30 April 1992, the balance was $82.2 million.

Contingent liability

54. At its 1991 session the Executive Board authorized the establishment of a three-year (1991-1993), $12 million private sector fund-raising development programme to assist National Committees and UNICEF field offices to develop their capacity for private sector fund-raising. As of 30 April 1992, GCO had approved an allocation of $2.9 million to the various National Committees and

UNICEF field offices, of which $1.1 million was spent in 1991, with the balance of $1.8 million committed for payments in 1992 and 1993.

Statement III (actual results compared with the 1991 budget)

55. Except for the net operating income from private sector fund-raising, GCO performance in 1991 was below the original budget projections as follows:

(a) Card sales were under budget by 16 million units, or 9.5 per cent;

(b) Gross proceeds were under budget by $11.4 million, or 7.9 per cent;

(c) Commissions (including direct expenses at field offices) were $2.3 million under budget, a direct result of lower sales proceeds. As a percentage of gross proceeds, commissions were 24.7 per cent in 1991, compared to the budget of 24.3 per cent;

(d) Total cost of goods delivered amounted to $26.3 million, $1.9 million under budget (6.7 per cent). This decrease was attributable to lower sales volume (as explained in para. 1);

(e) Total operating costs for the year were $18.3 million. As a percentage of gross proceeds, total operating costs were 13.7 per cent, 0.1 per cent below budget;

(f) Other income for the year was $5.2 million, a decrease of $1.8 million compared to the budget;

(g) Net operating income from GCO products was $61 million, a decrease of $7.4 million (10.9 per cent) compared to budget. As a percentage of gross proceeds, net operating income was 45.7 per cent, 1.6 per cent below budget;

(h) Net operating income from fund-raising was $31 million, an increase of $19.7 million (172.6 per cent) over budget;

(i) Net operating income from SENI was $0.9 million. While the budget goal of $3.6 million was not met, the activities of SENI had substantial indirect influence on other private sector fund-raising carried out in conjunction with the Danny Kaye International Children's Awards;

(j) After the effect of an exchange rate adjustment, prior years' adjustment and write-off of accounts receivable, GCO posted a net consolidated income of $82.2 million, $1.2 million or 1.4 per cent less than the budget of $83.4 million.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

56. The accounts are maintained in accordance with the Financial Regulations and Rules of the United Nations Children's Fund and with the Financial Regulations and Rules of the United Nations Children's Fund, Special Supplement, Greeting Card Operation.

57. The accounting period (fiscal year) of GCO is 1 May to 30 April. The accounts of GCO are consolidated into the UNICEF accounts as at 31 December. Consistent year-end cut-off procedures are in effect to incorporate GCO accounts into the UNICEF financial statements.

58. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rates of exchange on the transaction date.

59. Deliveries to National Committees and other sales partners are recorded in local currencies converted into United States dollars at the United Nations exchange rate on the individual delivery dates. GCO gross proceeds reported in local currencies by sales partners are recorded in United States dollars at the resultant average exchange rates calculated on the basis of the rates used for deliveries. Actual cash collection is recorded in United States dollars at the United Nations rate in effect at the time remittances are received.

60. Periodically, assets and liabilities in currencies other than United States dollars are valued for accounting purposes at the prevailing United Nations rates of exchange. Any variance in valuation caused by fluctuation of those rates is accounted for as income or loss and shown separately in the statement of income and expenditure under revaluation of assets and liabilities (exchange rate adjustment). An allowance of 10 per cent of non-United States dollar-denominated outstanding accounts receivable as at 30 April may be established to cover the fluctuation of exchange rates. The allowance is shown as a deduction from the accounts receivable on the statement of assets and liabilities.

61. The inventory of raw materials, work in process, finished goods of the following campaign and goods in transit are valued at standard cost. It is GCO policy to write off unsold finished products from the current campaign year which are not carried forward to the next campaign year. Products which are carried forward are valued at add-on cost. All publicity and promotion materials produced in the current campaign year, but relating to future campaign years, are shown at standard cost and included in inventory.

62. Capital assets costing $100,000 or more are capitalized and depreciated over their estimated useful life.

63. Income from GCO-supported National Committee fund-raising activities and from SENI for UNICEF general resources, including related GCO expenses, are both recorded separately in the GCO accounts.

Annex

COUNTRY-BY-COUNTRY PERFORMANCE REPORT FOR 1991 FOR THE SALE OF GREETING CARDS AND RELATED PRODUCTS

1. Since 1987, in response to a UNICEF Executive Board request, a report representing an evaluation of performance by sales partners for the sale of greeting cards and other products has been prepared annually, as follows:

(a) Table 1 below shows gross proceeds for all products and the number of cards sold by sales region and by major selling country for 1991 compared with 1990. It shows the ranking of each major market expressed as a performance on a per capita basis showing gross proceeds and cards sold per 1,000 population in 1991 compared to 1990;

(b) Table 2 below shows country-by-country performance for the period 1987-1991.

2. In order to measure country-by-country performance, GCO has established eight indicators that have been discussed with the respective sales partners: National Committees for UNICEF, field offices and consignees. The indicators reflect the areas of joint responsibility of the greeting card sales partnership, including forecasting, ordering, selling, pricing and promotion material costs, and lead up to the key indicator "contribution to GCO".

3. The eight performance indicators (PI 1 to PI 8) are:

(a) PI 1. Card sales (in millions of cards);

(b) PI 2. Gross proceeds (in millions of United States dollars);

(c) PI 3. Other income (in millions of United States dollars) from such special programmes as licensed products or products produced by sales partners;

(d) PI 4. Commission/retention and direct expenses at field offices (as a percentage of gross proceeds);

(e) PI 5. Pricing is indicated as a percentage of a base price for an "A-format" (standard-size) card established annually by GCO. An asterisk (*) denotes countries where the price level has reached or exceeded the GCO base price;

(f) PI 6. Distribution over sales (as a percentage over base) represents a percentage exceeding established distribution ratios for a consignment sales partnership (the standard = 0);

(g) PI 7. Promotion materials costs (as a percentage of gross proceeds) are the direct costs of production of promotion materials provided free by GCO to its sales partners;

(h) PI 8. Contribution to GCO (as a percentage of gross proceeds) represents the result of sales proceeds plus other income, less commissions/sales, office costs, cost of goods delivered and the cost of

promotion materials, expressed as a percentage of gross proceeds. It is the measure of performance. The cost of goods delivered are influenced by the sales partners' accuracy in forecasting and ordering as well as by the efficiency of GCO procurement.

Performance overview, 1987-1991

4. Table 2 reflects the performance by country over a period of five years. This overview can be summarized by country, by region and globally. Global performance shows the following trends:

(a) PI 1. The global recession and the difficult economic and political circumstances in Central and Eastern European countries negatively affected sales volume in 1991. However, global volume increased from 126 million cards in 1987 to 152 million cards in 1991, a 20 per cent increase;

(b) PI 2. Gross proceeds grew steadily from $85.9 million in 1987 to $133.3 million in 1991, an increase of 55 per cent;

(c) PI 3. Due to the global recession, other income dropped from $6.1 million in 1987 to $5.3 million in 1991, a 13 per cent decrease;

(d) PI 4. Commissions/retention for 1991 was 25 per cent. Since 1987, the 25 per cent commission/retention rate has been achieved by GCO sales partners collectively each year;

(e) PI 5. There has been a consistent adaptation of pricing from 1987 to 1991 with base price increasing, in most of Europe, North America and the Pacific region;

(f) PI 6. Owing to lower than forecast sales, excess distribution (distribution over sales) increased from 8 per cent in 1987 to 11 per cent in 1991;

(g) PI 7. Owing to constant monitoring and control on quantities ordered, the expenditure for promotion materials dropped in 1991 to 3 per cent for the second consecutive year and remained under the targeted 4 per cent;

(h) PI 8. The overall contribution to GCO (as a percentage of gross proceeds) remains at 60 per cent.

1991 global assessment

5. The eight performance indicators not only serve as a tool to measure individual country performance, they also provide a means to assess globally GCO cooperative performance with National Committees and other sales partners.

6. There is a total of 42 individual countries (major markets by region) and four groups of countries included in the 1991 country analysis, and the eight performance indicators show the following results.

Sales volume (PI 1)

7. In addition to providing a measure of income potential, this is the only indicator that also measures UNICEF "visibility" or presence in the world market. It is, therefore, valuable as a qualitative as well as a quantitative indicator.

8. In 1991, 23 countries and groups of countries showed increases in sales volume, and 12 countries showed sales decreases.

Gross proceeds (PI 2)

9. Gross proceeds from the sale of GCO products increased in 20 countries between 1990 and 1991, and 12 countries showed decreases.

Other income (PI 3)

10. Income from other sources and products was a factor in the performance of 13 countries, at a similar level to 1990.

Commissions/retention (PI 4)

11. The percentage retention by National Committees, expenses at field offices and commissions paid to sales partners remained at the same level as 1990 (25 per cent overall). Altogether, 32 countries were at or below the 25 per cent level and 14 were above it.

Pricing (PI 5)

12. In 1990, 15 countries were at or above the base price, while 29 countries remained below it.

13. In countries with high inflation, the system of periodic price adjustments helped to offset the negative effects of inflation.

Distribution/sales ratio (PI 6)

14. Overall, the ratio of "cards distributed" over "cards sold" increased from 10 per cent in 1990 to 11 per cent in 1991. During 1991, 19 countries reached or maintained a favourable ratio at standard, 8 countries reduced their ratio, 17 increased it, while 2 remained the same. This was primarily due to lower than forecast sales in some countries in Europe, the Pacific region and India.

Promotion material costs (PI 7)

15. Overall promotion material costs remained at 3 per cent of gross proceeds. Eight countries showed increases in 1991; costs decreased in 20 countries and remained approximately the same in 18 countries.

Contribution to GCO (PI 8)

16. The overall contribution in 1991 was 60 per cent of gross proceeds. In order to reach the 50 per cent net profit GCO objective, this number should reach 63 per cent.

17. In 31 countries, the contribution to GCO increased. It decreased in 14 countries and remained the same in 1 country. In a by-region analysis, it can be observed that contributions from Europe remained unchanged, whereas Latin America and Asia showed an increase and North America, Africa and the Middle East showed a decrease.

1991 regional assessment

Region I - North America

18. Due to the prevailing difficult economic circumstances and a postal strike in Canada, there was a decrease in gross proceeds and card sales volume in the North America region of 17.5 per cent and 13.6 per cent, respectively. Card sales declined by 22 per cent and 8 per cent in the United States and Canada, respectively, when compared to 1990. Gross proceeds in Canada decreased by $0.1 million (2 per cent) and in the United States by $2 million (20 per cent) in comparison to 1990.

19. As a percentage of global GCO proceeds and greeting cards sold, this region contributed 10 per cent to total gross proceeds and total cards sold. The overall contribution to GCO of this region for 1991 was 41 per cent, compared to 48 per cent in 1990, a reduction of 7 per cent.

Region II - Latin America

20. Overall card sales increased marginally by 0.1 million (1 per cent) in this region as compared to 1990. Gross proceeds in 1991, however, increased dramatically by 23 per cent, resulting in a substantial improvement in the contribution to GCO.

21. Brazil continued to be the largest seller of cards in this region in 1991 with a volume of 4.7 million, a decrease of $0.3 million when compared to 1990. Its gross proceeds, however, reached $3 million, its highest ever, which accounted for 43 per cent of the region's total gross proceeds.

22. Four other countries in the region increased their gross proceeds while contribution to GCO increased in all countries when compared to 1990. Overall the contribution increased from 34 per cent in 1990 to 47 per cent in 1991.

Region III - Asia

23. In 1991, the region showed considerable growth with an increase of 2 million (29 per cent) in card sales volume and $1.2 million (24 per cent) in gross proceeds as compared to 1990.

24. In 1991, sales volume grew significantly in Japan, where it increased by 1.7 million cards (41 per cent), and gross proceeds increased by $1 million

(29 per cent), when compared to 1990. Four other countries registered an increase in card sales volume while an equivalent number of countries showed an increase in retention rates. A drop in sales volume and gross proceeds in the Republic of Korea had a negative impact on its contribution rate.

25. Japan's other income, mainly accruing from the Nippon Telegraph and Telephone Corporation's pressed flower telegram programme royalty income, showed an increase in 1991 and accounted for 73 per cent of the region's other income. Hong Kong showed an impressive increase in other income, having contributed $0.6 million to the region for 1991. These achievements, after offsetting the increase in retention rates, helped increase the region's high contribution rate by an additional 4 per cent.

Region IV - Pacific, India and Pakistan

26. The card sales volume for the region dropped marginally to 9.3 million cards, representing a 1 per cent decline from 9.4 million cards in 1990. India, New Zealand and Pakistan maintained previous year levels while Australia experienced a decline of 9 per cent due to a difficult economic climate.

27. Gross proceeds for the region also decreased from 4.1 million in 1990 to 3.6 million in 1991, representing a decrease of 12 per cent. While Australia, New Zealand and Pakistan maintained their previous year revenues, proceeds from India fell from $1.9 million in 1990 to $1.4 million in 1991, a decrease of 26 per cent, resulting from a major devaluation of its currency against the United States dollar.

28. Inspite of the decreases in both sales volume and gross proceeds in 1991, the overall retention rate improved by 2 per cent.

29. While contributions to GCO from Australia and New Zealand increased by 2 and 11 per cent respectively, the contributions from India and Pakistan slipped from 37 and 29 per cent in 1990 to 19 and 22 per cent respectively, in 1991. This resulted in an overall decrease in contribution in the region from 42 per cent in 1990 to 37 per cent in 1991.

Region V - Europe

30. The global recession and the difficult economic and political circumstances in Central and Eastern Europe had a major impact on the region's performance in 1991. Overall, gross proceeds and card sales volume showed a marginal decrease while other income dropped by 13 per cent. In spite of this, retention rates were maintained at 24 per cent and contributions to GCO remained at 61 per cent.

31. Austria showed a marginal increase in both sales volume and gross proceeds which resulted in an increase of 3 per cent in its contribution to GCO.

32. Despite a drop in card sales volume and gross proceeds, Belgium's contribution to GCO increased from 54 to 57 per cent in 1991.

33. Denmark's contribution to GCO increased from 58 to 60 per cent due to improvement in its distribution-over-sales ratio and a decrease in its promotional costs.

34. Finland showed a decrease in both card sales volume and gross proceeds, resulting in a high distribution-over-sales ratio that accounted for an overall decrease in its contribution to GCO.

35. France increased both sales volume and gross proceeds while improving its distribution-over-sales ratio. This helped increase its contribution to GCO from 60 per cent in 1990 to 63 per cent in 1991.

36. Germany sold 17 million cards in 1991 but gross proceeds dropped marginally, which in turn decreased contribution to GCO from 66 to 62 per cent.

37. Greece increased its card sales from 2.6 to 3.3 million (a 27 per cent increase) and gross proceeds increased from $1.8 million to $2.4 million (a 33 per cent increase). Its contribution to GCO increased by 5 per cent, to 63 per cent.

38. Italy's card sales volume increased from 8.8 million to 10.2 million (16 per cent) in 1991 and gross proceeds likewise increased from $10.7 million to $13.8 million (29 per cent). The country's contribution to GCO increased from 63 to 66 per cent.

39. Due to prevailing economic conditions and growing competition, the Netherlands decreased its volume of cards sold from 8 million to 7.2 million cards in 1991 and its gross proceeds from $7.5 million to $7.2 million.

40. Portugal increased its card sales volume from 2.1 million to 2.6 million and gross proceeds from $1 million to $1.4 million and was able to cut down its promotional costs by 1 per cent.

41. With 16 million cards sold in 1991, Spain became the second largest GCO market world wide in volume. Gross proceeds increased by $0.6 million in 1991. The contribution represents 59 per cent of the sales in 1991, versus 57 per cent in 1990.

42. In spite of a drop in both card sales volume (3.4 million to 2.8 million) and gross proceeds ($3.3 million to $2.7 million), Sweden made a marginal increase in its contribution to GCO.

43. Switzerland maintained its card sales volume at 4.6 million in 1991, but was able to increase its gross proceeds from $6.9 million to $7.4 million. The contribution to GCO increased marginally to 6.7 per cent.

44. Turkey's card sales volume increased from 4.1 million to 4.2 million in 1991 and gross proceeds from $1.4 million to $1.8 million. The contribution to GCO increased from 56 to 61 per cent in 1991, mainly as a result of an increase in prices and lower promotional costs.

45. The United Kingdom's card sales volume increased from 2.3 to 2.6 million cards and its gross proceeds increased from $1.6 million to $2.1 million (31 per cent), the highest increase in the past five years. The contribution to GCO in turn increased from 32 to 41 per cent in 1991.

46. Civil disturbances severely affected the sale of cards in former Yugoslavia. The volume dropped sharply from 6.3 million in 1990 to 1.6 million

in 1991, while gross proceeds decreased from $4.3 million to $0.7 million in 1991. However, the contribution to GCO dropped by only 3 per cent.

47. The results in Central and Eastern European countries have been affected by such structural changes as exchange rate fluctuations and political and economic conditions.

Region VI - Africa and Middle East

48. Sales volume in African and Middle Eastern countries decreased by 14 per cent in 1991 when compared to 1990 and gross proceeds decreased by 5 per cent. The overall retention rate in this region slightly improved in 1991, having registered a decrease of 1 per cent over 1990.

49. For the first time in five years, overall pricing dropped to 98 per cent of the base price. The contribution to GCO, however, has increased from 65 per cent in 1990 to 67 per cent in 1991.

Table 1

Volume of card sales and gross proceeds for all products

- by region and by major markets -

1991 compared with 1990

	1991					1990					Increase/(decrease)		
	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	No. of cards sold 1991 over 1990	1991 gross proceeds over 1990	Population in millions
North America - Region I													
Canada	5,573	5,170	3.9	192.19	207	6,113	5,277	3.9	196.17	227	(540)	(107)	26.9
United States of America	9,536	8,114	6.1	32.17	38	12,245	10,149	7.5	40.24	49	(2,709)	(2,035)	252.2
Subtotal, North America	15,109	13,284	10.0	-	-	18,358	15,426	11.4	-	-	(3,249)	-2142	
Latin America - Region II													
Argentina	766	610	0.4	16.69	23	578	384	0.3	11.82	18	177	126	32.6
Brazil	4,862	3,043	2.3	19.85	31	6,030	2,268	1.7	14.79	33	(348)	776	153.3
Chile	260	179	0.1	13.36	19	292	142	0.1	10.60	22	(32)	37	13.4
Colombia	1,232	706	0.5	21.07	37	1,092	627	0.5	18.66	33	140	81	33.6
Ecuador	399	253	0.2	22.79	36	374	244	0.2	21.96	34	25	9	11.1
Mexico	670	929	0.7	11.17	8	497	667	0.5	8.02	8	173	262	83.2
Peru	462	286	0.2	13.01	20	480	263	0.2	12.36	20	(17)	16	22.9
Uruguay	462	232	0.2	74.84	130	377	197	0.1	63.65	122	25	35	3.1
Venezuela	171	125	0.1	6.35	9	129	100	0.1	5.08	7	42	25	19.7
Others	826	672	0.5	-	-	697	627	0.5	-	-	29	46	
Subtotal, Latin America	9,849	7,949	5.2	-	-	9,735	5,539	4.1	-	-	214	1,410	
Asia - Region III													
Hong Kong	900	374	0.3	63.39	102	557	330	0.3	57.53	94	43	36	5.9
Indonesia	534	256	0.2	1.42	3	434	216	0.2	1.20	2	100	40	181.5
Japan	5,817	4,641	3.4	36.65	46	4,169	3,642	2.6	28.69	34	1,728	999	123.9
Korea, Republic of	318	249	0.2	5.75	7	407	246	0.2	5.64	8	(89)	9	43.3
Philippines	366	193	0.1	3.09	6	339	153	0.1	2.45	5	27	40	62.4
Thailand	213	116	0.1	2.03	4	183	97	0.1	1.70	3	50	19	57.1
Others	849	583	0.4	-	-	763	554	0.4	-	-	86	29	
Subtotal, Asia	8,797	6,314	4.7	-	-	6,842	5,143	3.8	-	-	1,956	1,171	
Pacific, India & Pakistan - Region IV													
Australia	2,093	1,740	1.3	100.68	121	2,320	1,702	1.3	98.38	134	(227)	38	17.3
India	6,253	1,349	1.0	1.66	7	6,176	1,898	1.4	2.14	7	78	(517)	871.2
New Zealand	411	317	0.2	93.24	121	446	335	0.2	98.53	131	(35)	(18)	3.4
Pakistan	845	183	0.1	1.46	4	480	192	0.1	1.52	4	83	(9)	126.4
Others		6	0.0	-	-	24	13	0.0	-	-	(24)	(7)	
Subtotal, Pacific, India & Pakistan	9,300	3,686	2.7	-	-	9,426	4,108	3.0	-	-	(125)	(513)	

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Table 1 (continued)

	1991					1990					Increase/(decrease)		
	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	No of cards sold 1991 over 1990	1991 gross proceeds over 1990	Population in millions
Europe - Region V													
Austria	1,814	1,755	1.3	228.88	233	1,862	1,661	1.2	211.67	213	152	134	7.8
Belgium	2,282	2,564	1.9	256.40	226	2,767	2,795	2.1	279.50	277	(485)	(241)	10.0
Czechoslovakia	378	100	0.1	6.41	24	207	129	0.1	8.27	19	81	(29)	15.6
Denmark	2,017	1,974	1.5	387.06	396	2,009	2,078	1.5	407.45	394	8	(104)	5.1
Finland	2,039	3,038	2.3	607.60	408	2,866	4,146	3.1	829.20	533	(827)	(1,108)	5.0
France	16,360	16,060	12.0	282.26	270	14,226	15,723	11.7	276.33	250	1,134	337	56.9
Germany	16,842	19,179	14.4	242.47	214	16,557	18,557	14.5	247.37	213	85	(388)	79.1
Greece	3,251	2,403	1.8	233.30	316	2,592	1,755	1.3	170.39	252	658	648	10.3
Ireland	502	366	0.3	110.66	143	486	374	0.3	106.66	141	7	14	3.5
Italy	10,177	13,816	10.4	238.66	177	8,786	10,710	7.8	185.94	153	1,382	3,106	57.6
Luxembourg	514	647	0.5	1,617.50	1,286	483	556	0.4	1,390.00	1,208	31	91	0.4
Netherlands	7,229	7,221	5.4	481.40	482	7,990	7,466	5.5	498.00	533	(761)	(294)	15.0
Norway	2,073	1,866	1.4	433.72	482	2,007	1,799	1.3	416.37	467	66	66	4.3
Poland	1,841	283	0.2	7.38	48	796	133	0.1	3.47	21	1,043	150	38.3
Portugal	2,676	1,428	1.1	137.31	348	2,149	1,038	0.8	99.81	207	429	390	10.4
Spain	16,027	8,029	6.0	225.73	451	15,014	8,425	6.2	210.63	376	1,013	604	40.0
Sweden	2,782	2,866	2.0	313.37	321	3,442	3,278	2.4	381.16	400	(660)	(583)	8.8
Switzerland	4,833	7,360	5.5	1,060.66	661	4,568	6,660	5.1	1,007.36	672	66	600	6.8
Turkey	4,229	1,762	1.3	30.00	72	4,064	1,366	1.0	23.37	70	146	367	58.4
United Kingdom	2,623	2,100	1.6	36.62	46	2,343	1,620	1.2	28.17	41	260	480	57.5
Yugoslavia	1,679	749	0.6	31.34	66	6,269	4,254	3.2	177.99	263	(4,710)	(3,606)	23.9
Others	3,128	1,384	1.0	-	-	2,993	3,348	2.5	-	-	135	(1,964)	
Subtotal, Europe	103,878	97,810	73.4	-	-	104,526	99,079	73.4	-	-	(648)	(1,269)	
Africa and Middle East - Region VI	4,381	5,335	4.0	-	-	5 130	6,621	4.2	-	-	(748)	(286)	
TOTAL	161,814	133,287	100.0	-	-	164,016	134,816	100.0	-	-	(2,502)	(1,629)	

Table 2

Country-by-country performance report, 1987 - 1991

Performance indicators 1 - 8 (PI 1 - PI 8) a/

	PI 1 Card sales (Millions of card units)					PI 2 Gross proceeds (Millions of US dollars)					PI 3 Other income (Millions of US dollars)					PI 4 Commissions/retention (Percentage of gross proceeds)				
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
North America – Region I																				
Canada	4.6	5.8	6.4	6.1	5.6	3.6	4.4	5.3	5.3	5.2	0.0	0.1	0.1	0.1	0.1	26	25	25	25	26
United States of America	14.0	11.7	13.0	12.2	9.5	7.9	8.4	9.6	10.1	8.1	0.4	0.6	0.6	0.5	0.0	34	36	28	29	28
Subtotal – North America	18.9	17.5	19.4	18.3	15.1	11.5	12.8	14.9	15.4	13.3	0.4	0.7	0.7	0.6	0.1	31	32	27	27	27
Latin America – Region II																				
Argentina	0.7	0.8	0.8	0.6	0.7	0.4	0.4	0.4	0.4	0.5	0.0	0.0	0.1	0.0	0.0	24	32	26	27	25
Brazil	5.6	4.7	5.8	5.0	4.7	2.4	1.8	2.8	2.3	3.0	0.3	0.4	1.1	0.2	0.3	29	38	33	40	32
Chile	0.3	0.2	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	49	56	42	53	43
Colombia	0.8	0.9	1.0	1.1	1.2	0.5	0.6	0.6	0.6	0.7	0.0	0.0	0.0	0.0	0.0	25	34	32	34	36
Ecuador	0.2	0.3	0.3	0.4	0.4	0.1	0.2	0.2	0.3	0.3	0.0	0.0	0.0	0.0	0.0	29	23	27	26	30
Mexico	0.5	0.5	0.5	0.5	0.7	0.4	0.5	0.6	0.7	0.9	0.0	0.0	0.0	0.0	0.0	33	39	36	43	46
Peru	0.5	0.4	0.4	0.5	0.4	0.2	0.1	0.2	0.3	0.3	0.0	0.0	0.0	0.0	0.0	26	25	23	23	23
Uruguay	0.3	0.4	0.4	0.4	0.4	0.1	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	25	25	25	30	25
Venezuela	0.1	0.1	0.1	0.1	0.2	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	33	29	29	29	29
Balance of Latin America	0.5	0.7	0.8	0.9	0.9	0.5	0.5	0.5	0.6	0.7	0.0	0.0	0.0	0.0	0.0	18	18	17	17	21
Subtotal – Latin America	8.6	9.0	10.4	9.8	9.9	4.7	4.5	5.7	5.6	6.9	0.3	0.4	1.2	0.2	0.3	28	33	31	34	32
Asia – Region III																				
Hong Kong	0.3	0.4	0.4	0.5	0.6	0.2	0.3	0.3	0.3	0.4	0.0	0.0	0.0	0.0	0.0	26	25	25	25	25
Indonesia	0.4	0.4	0.4	0.4	0.5	0.2	0.2	0.2	0.2	0.3	0.0	0.0	0.0	0.0	0.0	23	27	27	24	40
Japan	2.0	3.1	3.5	4.2	5.0	1.6	2.9	2.5	3.5	4.5	1.2	1.5	2.3	1.5	1.6	47	27	32	25	25
Korea, Republic of	0.2	0.2	0.3	0.4	0.3	0.1	0.1	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	65	78	81	68	103
Philippines	0.3	0.4	0.3	0.3	0.4	0.1	0.1	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	25	18	25	18	24
Thailand	0.1	0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	44	37	41	42	64
Balance of Asia	0.5	0.5	0.6	0.8	0.9	0.2	0.3	0.3	0.6	0.6	0.0	0.0	0.0	0.0	0.0	22	24	3	20	31
Subtotal – Asia	3.8	5.2	5.6	6.8	8.8	2.5	4.0	3.7	5.1	6.3	1.2	1.5	2.3	1.5	2.2	41	29	33	26	30
Pacific, India & Pakistan – Region IV																				
Australia	2.1	2.2	2.2	2.3	2.1	1.2	1.5	1.5	1.7	1.7	0.0	0.0	0.0	0.0	0.0	25	25	25	26	20
India	5.9	6.7	7.1	6.2	6.3	1.9	2.4	2.4	1.9	1.4	0.0	0.0	0.0	0.0	0.0	18	21	16	23	22
New Zealand	0.5	0.4	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.1	0.2	0.0	0.0	0.0	23	23	22	22	22
Pakistan	0.2	0.2	0.3	0.5	0.5	0.2	0.1	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	32	87	43	35	47
Subtotal – Pacific, India & Pakistan	8.7	9.5	10.1	9.4	9.3	3.6	4.3	4.3	4.1	3.8	0.1	0.2	0.0	0.0	0.0	22	23	21	24	22

a/ An explanation of the performance indicators is given in paragraphs 2 and 3 of the annex.

Table 2 (continued)

	PI 1 Card sales (Millions of card units)					PI 2 Gross proceeds (Millions of US dollars)					PI 3 Other income (Millions of US dollars)					PI 4 Commissions/retention (Percentage of gross proceeds)				
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
Europe – Region V																				
Austria	1.4	1.4	1.6	1.7	1.8	1.2	1.2	1.3	1.7	1.8	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Belgium	1.7	1.9	2.1	2.6	2.3	1.5	1.6	1.8	2.6	2.6	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Czechoslovakia	0.3	0.3	0.5	0.3	0.4	0.7	0.7	0.8	0.1	0.1	0.0	0.0	0.0	0.0	0.0	25	25	25	25	21
Denmark	2.0	2.0	1.9	2.0	2.0	1.6	1.7	1.6	2.1	2.0	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Finland	2.6	3.0	3.0	2.7	2.0	2.4	3.1	3.4	4.1	3.0	0.2	0.2	0.2	0.2	0.1	25	25	25	25	25
France	11.8	12.8	14.4	14.2	15.4	9.0	10.7	11.8	15.7	16.1	0.5	0.2	0.3	0.4	0.3	25	25	25	25	25
Germany	15.6	16.8	17.4	16.9	17.0	14.1	15.5	15.1	19.5	19.2	0.2	0.7	0.2	0.4	0.1	25	25	25	25	24
Greece	1.7	1.9	2.3	2.6	3.3	0.8	1.1	1.2	1.8	2.4	0.1	0.1	0.1	0.2	0.3	25	25	25	25	25
Ireland	0.3	0.4	0.4	0.5	0.5	0.2	0.3	0.3	0.4	0.4	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Italy	6.1	6.7	7.2	8.8	10.2	3.4	4.1	6.3	10.7	13.8	0.5	0.4	0.6	0.8	0.9	25	25	24	24	21
Luxembourg	0.4	0.4	0.4	0.5	0.5	0.3	0.4	0.4	0.6	0.6	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Netherlands	6.5	7.2	7.8	8.0	7.2	4.4	5.8	5.9	7.5	7.2	1.4	0.4	0.4	0.4	0.4	25	25	24	25	25
Norway	2.5	2.1	2.3	2.0	2.1	1.8	1.8	1.9	1.8	1.9	0.0	0.0	0.0	0.0	0.0	25	25	21	21	21
Poland	2.2	5.1	4.1	0.8	1.8	0.4	1.3	0.7	0.1	0.3	0.0	0.0	0.0	0.0	0.0	25	25	0	25	25
Portugal	1.0	1.2	1.5	2.1	2.6	0.4	0.5	0.6	1.0	1.4	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Spain	9.7	11.1	13.6	15.0	16.0	3.2	4.1	5.4	8.4	9.0	0.2	0.0	0.0	0.1	0.1	25	25	25	25	25
Sweden	3.1	3.6	3.9	3.4	2.8	2.2	2.6	3.1	3.3	2.7	0.0	0.0	0.1	0.2	0.0	25	25	25	25	25
Switzerland	4.4	4.5	4.5	4.6	4.6	4.8	5.0	5.5	6.9	7.4	0.7	0.4	0.5	0.4	0.3	25	25	25	25	25
Turkey	1.9	2.5	3.0	4.1	4.2	0.4	0.5	0.7	1.4	1.8	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
United Kingdom	1.9	2.0	2.4	2.3	2.6	1.1	1.3	1.5	1.8	2.1	0.0	0.0	0.0	0.0	0.0	22	24	22	22	21
Yugoslavia	3.6	5.2	5.3	6.3	1.6	2.0	1.6	1.9	4.3	0.7	0.0	0.0	0.0	0.0	0.0	24	25	25	25	25
Others	2.1	2.1	2.5	3.0	3.1	2.8	2.8	2.7	3.3	1.4	0.3	0.0	0.1	0.0	0.2	25	24	25	25	26
Subtotal – Europe	81.0	93.0	102.1	104.6	104.0	58.7	67.7	73.9	99.1	97.9	4.1	2.4	2.5	3.1	2.7	25	25	25	24	24
Africa & Middle East – Region VI	3.8	4.7	4.8	5.1	4.4	4.9	5.6	5.0	5.6	5.3	0.0	0.0	0.0	0.1	0.0	13	13	14	17	16
TOTAL	125.8	138.9	152.4	154.0	151.5	85.9	98.9	107.5	134.9	133.3	6.1	5.2	6.7	5.5	5.3	25	25	25	25	25

Table 2 (continued)

	PI 5 Pricing (Percentage of base price)					PI 6 Distribution over sales (Percentage over base)					PI 7 Promotional materials (Percentage of gross proceeds)					PI 8 Contribution to GCO (Percentage of gross proceeds)				
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
North America – Region I																				
Canada	.	.	.	.	94	49	0	0	16	14	9	4	5	5	6	36	52	55	52	50
United States of America	.	.	.	.	.	5	19	27	40	57	11	12	9	9	9	40	38	48	47	35
Subtotal – North America	–	–	–	–	–	16	9	13	32	42	10	9	8	8	8	39	43	51	48	41
Latin America – Region II																				
Argentina	82	87	77	80	71	0	0	0	26	0	2	1	1	1	2	49	46	71	46	54
Brazil	67	59	66	72	71	14	24	0	19	9	3	4	3	3	2	50	42	82	30	49
Chile	60	56	53	68	64	103	61	0	0	17	6	10	6	4	3	(29)	(25)	18	3	26
Colombia	87	88	72	80	71	5	0	0	0	0	3	2	3	1	3	45	36	28	34	35
Ecuador	84	79	75	80	71	9	14	0	0	0	2	1	2	2	1	37	38	43	38	50
Mexico	98	96	.	.	79	29	87	0	19	0	3	3	2	2	1	26	35	33	24	36
Peru	65	61	76	68	64	0	14	0	0	0	1	1	1	1	1	48	30	47	54	58
Uruguay	67	74	61	80	71	0	0	0	0	5	5	3	5	3	3	49	45	37	36	45
Venezuela	82	65	70	80	71	0	0	0	0	0	3	3	2	3	1	40	27	30	50	55
Balance of Latin America	–	–	–	–	–	0	0	0	2	2	4	1	1	2	2	47	57	54	33	54
Subtotal – Latin America	–	–	–	–	–	9	10	0	9	1	3	3	2	2	2	45	40	61	34	47
Asia Region III																				
Hong Kong	91	91	88	84	79	30	6	22	0	0	11	12	10	10	5	33	44	45	50	215
Indonesia	84	80	73	80	71	70	0	0	0	0	2	2	6	5	8	42	50	47	62	34
Japan	.	.	.	.	.	28	0	0	0	0	2	1	2	2	2	110	118	148	107	100
Korea, Republic of	91	98	.	96	86	0	0	0	0	13	7	6	6	7	5	2	(10)	(9)	12	(29)
Philippines	82	82	77	76	68	9	18	27	0	0	12	8	3	6	2	28	46	43	51	61
Thailand	78	81	77	76	68	161	39	5	7	0	6	7	11	5	3	(1)	25	26	28	18
Balance of Asia	–	–	–	–	–	20	6	0	0	4	6	5	1	6	5	40	42	70	52	47
Subtotal – Asia	–	–	–	–	–	30	0	0	0	0	4	3	4	3	3	81	95	112	87	91
Pacific, India & Pakistan – Region IV																				
Australia	95	.	.	.	94	34	0	2	8	11	10	6	5	5	5	32	49	48	49	51
India	55	61	47	56	50	10	0	0	7	37	1	1	1	1	1	45	51	52	37	19
New Zealand	.	.	.	.	94	0	0	0	0	13	4	7	7	9	8	57	85	33	38	49
Pakistan	75	72	81	80	54	104	88	0	0	0	4	11	5	8	4	19	(86)	31	29	22
Subtotal – Pacific, India & Pakistan	–	–	–	–	–	17	0	0	5	26	4	3	3	4	4	41	52	48	42	37

Table 2 (continued)

	PI 5 Pricing (Percentage of base price)					PI 6 Distribution over sales (Percentage over base)					PI 7 Promotional materials (Percentage of gross proceeds)					PI 8 Contribution to GCO (Percentage of gross proceeds)				
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
Europe - Region V																				
Austria	*	*	*	*	*	12	19	20	13	13	7	11	8	12	10	56	53	58	50	53
Belgium	*	*	*	*	*	8	15	22	37	42	6	4	6	5	5	56	58	55	54	57
Czechoslovakia	71	67	53	56	24	0	0	0	14	48	0	0	0	0	6	63	62	62	33	29
Denmark	*	*	*	*	*	0	8	0	10	6	4	3	4	6	3	58	62	60	58	60
Finland	*	*	*	*	*	13	10	19	31	48	3	3	4	4	6	67	67	68	63	59
France	*	*	*	*	*	29	15	34	31	26	3	3	4	3	3	63	61	60	60	63
Germany	*	*	*	96	*	0	0	0	0	19	1	1	2	3	1	69	71	68	66	62
Greece	71	76	68	64	78	0	0	0	0	0	7	4	3	3	3	56	55	61	58	63
Ireland	*	*	91	87	93	3	0	0	0	1	8	2	3	3	3	52	64	62	64	59
Italy	92	*	96	93	*	31	0	11	0	0	2	2	3	3	2	78	76	62	63	66
Luxembourg	*	*	*	*	*	26	8	3	0	0	5	5	6	5	3	55	61	60	59	62
Netherlands	*	*	*	*	*	5	4	6	14	19	3	3	4	4	4	90	68	65	63	64
Norway	*	*	*	*	*	12	18	10	17	14	1	1	2	2	2	59	46	50	47	48
Poland	18	23	16	14	9	0	0	19	195	0	1	0	0	12	9	6	61	67	(23)	38
Portugal	*	66	59	54	67	16	0	0	0	23	3	2	4	2	1	73	63	62	66	66
Spain	51	63	64	61	*	0	0	0	0	1	4	3	3	2	3	59	55	58	57	59
Sweden	*	*	*	*	*	17	0	39	14	23	2	1	2	1	2	42	43	52	59	60
Switzerland	*	*	*	*	*	8	16	7	17	11	6	6	6	4	4	75	67	69	66	67
Turkey	29	39	30	20	49	0	0	0	0	0	1	2	2	3	2	44	54	51	56	61
United Kingdom	73	86	86	77	90	23	18	24	36	13	4	3	6	5	5	42	41	41	32	41
Yugoslavia	49	49	45	1	49	0	0	0	0	0	1	1	0	1	1	63	55	67	67	64
Others	*	*	*	*	72	0	0	0	0	6	2	0	1	1	1	57	60	58	59	40
Subtotal - Europe	-	-	-	-	-	4	1	8	10	11	3	3	3	3	3	65	62	61	61	61
Africa and Middle East - Region VI	*	*	*	*	98	0	0	0	0	0	1	1	14	2	2	68	68	68	65	67
TOTAL	-	-	-	-	-	8	1	5	10	11	4	3	4	3	3	60	60	61	59	60